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layes Of La. Goes nto NAIC Line Of Succession

Becomes Chairman Of Executive Committee, Beery Elected President

National Assn. of Insurance Comissioners wound up its annual meetg at San Francisco last week with e election of Commissioner Sam eery of Colorado as president to ucceed Paul Hammel of Nevada. . Nelson Parker of Virginia moved p to vice-president and heir apparnt, and the contest for Mr. Parker's ld job, chairman of the executive ommittee, was won by Rufus Hayes f Louisiana over Charles Howell of ew Jersey.

Mr. Hammel, who went to the meetg just after overcoming the flu and as back in bed in the Fairmont Hotel ith another fever as the convention nded, was elected vice-chairman of he executive committee, an advisory osition. Alfred Premo of Connecticut as named to a second term as secetary-treasurer of NAIC. The execuve secretary at the headquarters in hicago is Hugh L. Tollack.

While the San Francisco meeting acked the kind of accomplishment hat makes headlines, it was a good working affair and a lot of companyommissioner business was transacted. There was almost nothing on the fire for the life people except credit insurnce, and in the property and casualty ine the biggest item was a progress eport from the Gerber subcommittee n fire and casualty rating laws. Several of the committee reports reflected n unusual amount of work and reearch.

An up-to-date report on the progress of the O'Mahoney subcommittee of the

(CONTINUED ON PAGE 58)

)evine, Home Long sland Veteran, Retires

Arthur J. Devine, manager of Home at Garden City, L. I., and a veteran of 50 years in the insurance business, retired last week. A native of New York, Mr. Devine started with L.&L.&G. and worked his way up to the Long Island fie'd. He joined Home in 1930 as specia, agent for the old National Liberty i, that territory, eventually becoming manager for all the Home companies, and developed a large following among producers in that area.

His friends in the business presented him with a stereophonic high-fidelity record player and the Nassau County Assn. of Insurance Agents devoted a substantial part of its June "Bulletin" to tribute to him. Mr. Devine has no immediate plans, except a trip to Cincinnati to visit his daughter, Mrs. Bernard P. McMackin Jr., whose husband is associate editor of the Fire, Casualty & Surety Bulletins, and his five grandchildren.

1959 auto insurance experience aggregates, details by company, and comments on the auto business are carried on pages 23-49 in this issue.

Judge Price Succeeds Gibbs On Texas Board

AUSTIN—Gov. Daniel has appointed Judge Ned Price of Tyler, chairman of the Texas industrial accident board for three years, to the Texas board of insurance. He will succeed Joe P. Gibbs, who has been ill for several months.

From 1945 to 1949, Judge Price served in the insurance department as director of title insurance under Mr. Gibbs. He has served three terms in the Texas house of representatives and nine years as Smith County judge.

Commission Names Austin S. C. Chief Commissioner

William F. Austin, assistant to the state attorney general, has been named South Carolina chief insurance commissioner by the five-member insurance commission which was set up by the 1960 general assembly.

Heretofore the South Carolina commissioner was picked by the legislature. The last commissioner under the old system, R. Lee Kelly, will retire July 1.

Mr. Austin will take office then. He has been assistant attorney general since 1956 and in that capacity was counsel for the state board of bank control and for a special legislative committee investigating the state penal system.

HO, Safe Driver Plans Eyed Sternly At NAII Workshops

Newer developments in the industry, notably the 1959 revised homeowners and the safe driver plans, received a thorough going over at the workshops of National Assn. of Independent Insurers at San Francisco, and not all escaped entirely unscathed by censure.

A gloomy picture was painted of the 1959 revised homeowners policy, which was described as being a source of more complications, confusion, conflicts and reckless competition as well as a Pandora's box full of evils to beset public relations. Opinion in general seemed to be that it will not solve any problems but will create many others. Concern was expressed for the 34% acquisition loading, the drastic rate cuts, effect upon commissions, deductibles, the credibility of statistics upon which rates are based, the extra work load on agents, conflicts and misunderstanding on the part of the buyer.

'Forced' Into Rate War

Critical mention was made of a lack of sufficient experience to support drastic rate cuts and the continuous changes of forms without any apparent realization of the costs. One registrant asked "Are you going to accept this rate war?" to which another responded, "We are being forced into it."

C. Otis Shaver, Nationwide Mutual actuary, remarked that apparently

(CONTINUED ON PAGE 65)

Top Management Changes Are Made At General Re

Cathcart Chairman, Braddock President, Lowry Continues On Executive, Finance Units

Edward G. Lowry Jr. has relinquished the post of chairman and chief executive officer of General Re which he has held for the past 14 years. James A. Cathcart Jr. becomes chairman and chief executive officer, and Robert L. Braddock has been elected president.

James A. Cathcart Jr.

Mr. Lowry will continue as chairman of the executive and finance committees of the company and as a director. He entered the business in 1934 as vice-president and general counsel.

Mr. Cathcart, who has been president, was with General Re from 1930

Edward G. Lowry Jr.

Robert L. Braddock

to 1941 when he became vice-president of Peerless Casualty in charge of reinsurance operations. In 1950 he rejoined General Re as vice-president and was elected president shortly thereafter.

Mr. Braddock entered the business with Travelers and was with that company 17 years before joining General Re in 1951.

General Re had assets of $160 million at 1959 year end. In addition to New York, it maintains offices in Kansas City and Los Angeles.

"The broker who insisted on his commission being reduced" is the caption of the cartoon above. This is one of the most famous of the drawings by H. M. Bateman, English artist, and is one of a series of cartoons that is reproduced in a book privately published and being mailed this week by Stewart, Smith & Co. of New York and its affiliated companies, to friends in the insurance business in the U. S. and Canada.

The limited edition is entitled "Llaughter at Lloyd's" and is a collection of insurance drawings by Mr. Bateman that have Lloyd's as their locale. The drawings are accompanied by thumbnail sketches and descriptive text.

The volume contains 20 major drawings. One portrays the consternation of the old-timers when a Lloyd's broker refuses to drink coffee in the morning, an almost sacrilegious defiance of tradition. Another pictures a Lloyd's broker furtively entering the office of the Teenyweeny Ins. Co. to place business.

In the introduction to the book, George J. Stewart, president of Stewart, Smith & Co., expresses the hope that friends of the organization will find pleasure "in the exquisite craftmanship of my friend Bateman, whose assembled drawings portray his delightful interpretation of goings on in precincts hallowed by centuries old tradition—precincts that outsiders regard with vast curiosity, and even awe, as the sanctum sanctorum of the insurance world."

Effect Of Many Current Changes On Successful, Well Operated Agency

By KENNETH O. FORCE

The marketing difficulties, plans, opportunities and triumphs of the insurers have been widely discussed in recent times. Changes in coverage, rating, and procedures, and accelerations in merchandising pace have been widely debated. By and large, the effects of the new developments on the seasoned, well operated agency with a substantial volume of business —the backbone of the multi-company type of agency operation—have not been fully stated.

These are the agents who account for approximately 25% of the total number of producers but approximately 75% of total agency company volume. In spite of a good deal of conversation that gives the impression of controversy, a majority of them are genuinely sympathetic with the objectives of the insurers they represent. They recognize that much of what their companies are doing has the purpose of catching up with their competitors and even getting a little ahead. Many have stayed with the companies in their offices and are still with them. Many of them have been slow to criticize their insurers in public or private.

Yet they do not relish the method and marketing changes. Their view is that they have been dealing competently with the majority of their problems (and those of their companies) right along. Otherwise they wouldn't have been and wouldn't be successful.

They may object to the way in which a few companies have introduced changes. For example, some of them resented the fact that in contracts put into effect by a personal visit commissions have been modified by mimeograph. However, their real objection is the failure of many companies to recognize that there are differences, one agency to another. The same changes are imposed on them in the same way as on any other agency. Yet they have operated their firms on the principles of good management and of professional service to insured —with good results for the public, the companies and themselves. What has been the use of doing these things if they are now to be treated in the same way as agencies that couldn't or wouldn't do them?

Also, they contend, many of the moves being made today make little or no allowance for the fact that over the years they have built an operation that met the demands of the insured and companies. They developed a marketing pattern that produced results. They added to the services the agency provided, many of which reduced the company's costs on that business. They built for the future by adding talent—and financing such additions out of the agency's earnings. They perfected an office procedure that was effective in billing and collections. Are they to jettison parts of this, now that the companies are ready to provide services that they did not previously provide and reduce payments to the agency in the process? Or is there to be a duplicate service, for which the agency will largely have to pay?

Coverage And Price Changes

Beyond this, moreover, these agents are distressed—and the larger and more successful the agency the greater the distress—by the unusually numerous changes in cover and price that have been occurring simultaneously with more and more fundamental alterations in company ways of doing business. The effects of these rate and form changes have been almost disregarded in the running debate of recent months.

In the area of changed methods, one

(CONTINUED ON PAGE 56)

Elect Morris Head Of Illinois Casualty Insurers' Bureau

C. L. Morris, Illinois National, was elected president of Illinois Bureau of Casualty Insurers at the annual meeting at Springfield. He succeeds L. A. Trunck, Western States Mutual of Freeport.

Also elected were C. H. Neyhart, Economy F.&C., and J. C. Jordan, Minnesota Mutual F.&C., vice-presidents; C. M. Fish, Freeport Ins. Co., secretary, and Larry Desmond, Union Automobile Indemnity.

In his report to the membership, Actuary R. J. Icks noted that automobile liability and PHD rates were generally revised downward in Cook County (Chicago) and upward in the rest of the state. Family protection coverage rates were reduced considerably and new private passenger classes 2B and 2BF were created to give a break to young married drivers between ages 21 and 25.

Trend Is Upward

Elevator, M&C, owners' or contractors' protective and CPL rates were revised, with the trend being generally upward.

Mr. Icks reported continued improvement in 1959 underwriting results. The over-all underwriting loss was .21% compared with 1.38% in 1958 and 9.31% in 1957. The aggregate membership loss was $91,000 last year. BI experience is still poor, but PDL moved into the black. Collision, while still profitable, was not so good as previously, and medical payments went into the red for the first time since 1955. Although it is too early to measure the impact from the Jan. 25 auto rate revisions, he said 1959 figures on BI and medical payments indicated these coverages would need more than this to show a profit.

Membership in the bureau increased from 33 to 38 with the addition of Atlantic, Celina Mutual, Harbor and West Bend Mutual, and one subscriber, Western Mutual.

1960 Argus Casualt Chart Gives Result For 788 Insurers

Detailed Experience Is Shown For 137 Stock Companies, 52 Mutuals

With detailed exhibits of financi and operating reports of 788 insure the 1960 edition of the Argus Cas alty & Surety Chart furnishes a com prehensive picture of individual com pany results as well as the over-a industry trend. The 788 compani writing casualty and miscellaneo business include 526 stock compani 210 mutuals and 52 reciprocal a Lloyd's organizations.

Special Tabulation

In a special tabulation that includ the companies that had casualty n premiums written in 1959 of $5 mi lion or more, the premiums earne losses and loss adjustment expens incurred, and the loss ratio are giv for 1958 and 1959 for each of the ca ualty lines, and for the three class of companies mentioned above. Th tabulation includes 137 stock comp nies whose casualty premiums earn were $5,546,007,000 with losses a loss adjustment expenses of $3,62 302,000 and a loss ratio of 65.4 co pared with a loss ratio in 1958 of 68 The classification of these totals a cording to lines written shows to automobile premiums earned of $ 047,182,000 and a loss ratio of 6 which is down 6.1 points from the r tio of 72.4 for 1958. The workme compensation loss ratio, based on pr miums earned of some $785 milli is up to 74.1 in 1959 from the ratio 71.3 in 1958. This experience is sim larly indicated in the results for mutual companies and 14 reciproc and Lloyd's organizations. Individu A&S premiums of $184,664,000 al produced an increased loss ratio some 3 points to 49.9, and the grou A&S loss ratio remained about t

(CONTINUED ON PAGE 66)

Sprague For Jones At NAUA Annual Meetin

NEW YORK—At the annual lunc eon here of National Automobile U derwriters Assn., Mortimer E. Sprague of Home, NAUA vice-president, acted as emcee in the absence of Tudor Jones of Aetna Fire, president, who was away on a business trip. Mr. Sprague read Mr. Jones's annual report and introduced the guests at the head table at the luncheon. Those on t dais were:

Mortimer E. Sprag

Mathew Campbell, deputy superi tendent of New York, and Timot McNicholas and Paul J. Molnar of t New Jersey department; Nichol Dekker, president of America Fo Howard Omsberg, general manager NAUA; William B. Rearden, cha man of Loyalty group; Arthur L. Po ley, retired vice-president of Hartfo Fire, and J. Ross Moore, former ge eral manager of the association.

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† Except New Jersey

Program Ready For Miss. Convention

The program has been completed for the annual convention at Edgewater Park of Mississippi Assn. of Insurance Agents June 16-18. The directors will meet Thursday morning. Thursday afternoon the golf tournament will be sponsored by Eugene Peresich & Sons, Biloxi general agency. That evening there will be a seafood jamboree.

Speakers Friday and Saturday mornings are Commissioner Walter D. Davis, Lester H. Harvey, president of New Hampshire group, T. L. DeLashmet Jr. of Moss Point, the outgoing president, who will discuss "The Sixties—Decade of Destiny," and David J. Brewer of Greenwood, state national director.

Other Speakers Listed

Also Williford E. Gragg, executive vice-president of U.S.F.&G., on "The Key to Our Future," Porter Ellis of Dallas, vice-president of NAIA, Dave Johnson of Pensacola, Fla., chairman of the Big I advertising committee and chairman of Southern Agents Conference, and Kenneth O. Force, executive editor of THE NATIONAL UNDERWRITER, on "What's Right With This Business."

Cherokee will be host at breakfast Friday and Saturday mornings. The annual banquet is Friday evening with Attorney General Joseph Patterson installing the new officers. A special program has been arranged for "Junior Agents" so members can bring their children.

Says Companies Must Solve Loss Problems

Lewis A. Vincent, general manager of National Board believes that progress has been made in correcting certain undesirable loss adjustment practices. In a talk at a meeting of Southern Loss Conference at Atlanta, he noted that improvement during the last year and a half in the matter of control of loss assignments gives real hope that the time will soon come when companies will regain control of this important phase of their operations.

Mr. Vincent declared that many undesirable practices can be traced to competition among adjusters in securing loss assignments, and over-emphasis by adjusters on quantity production rather than quality. The solution to the problem of competition in securing loss assignments rests in the hands of the companies, in his view.

He pointed out that two years ago the executive committee of the board unanimously adopted the recommendation of the board's committee on adjustments that member companies should place responsibility for the assignment of losses for adjustment solely upon their authorized salaried employes.

Thus, problems connected with the question of loss adjustments must be settled by the loss executives of the companies, Mr. Vincent continued. They are in a position to control the assignment of losses and to insist upon the inspection of losses.

Mr. Vincent declared that the majority of policyholders are businessmen or women who expect insurers to handle claims in a businesslike manner and in accord with the spirit and intent of the insurance contract. Loose handling or incompetent practices or procedures can only reflect unfavorably on the business, he concluded.

Miss Martin Named Head Of Insurance Librarians Unit; Two Veterans Honored

Mona Martin, librarian of Great-West Life, was elected chairman of the insurance division of Special Libraries Assn. at its annual meeting in Cleveland. Librarians from more than 50 life, fire and casualty companies and associations attended the meeting.

Elected vice-chairman was Elizabeth Ferguson, Institute of Life Insurance, and Kathleen S. Edwards, Farmers group of Los Angeles, multiple line insurers, was named secretary-treasurer.

Miss Florence Bradley, retired librarian of Metropolitan Life, and Miss Pauline M. Hutchison, librarian of Canada Life, were elected to the "hall of fame" of the Special Libraries Assn. at the association's annual meeting at Cleveland.

Miss Bradley, who retired as Metropolitan's librarian in 1948, was the association's first vice-president and is a past president of the New York chapter. Miss Hutchison was one of the Toronto chapter's charter members and served as its first president, 1940-41.

The hall of fame was inaugurated at the 50th annual convention, in 1959. Miss Bradley and Miss Hutchison are the second and third insurance librarians to be elected.

SatEvePost To Feature Fund's Movie Star Cover

Fireman's Fund will be featured in an article tentatively titled "Big Gamble on the Stars," which will appear in the June 18 issue of the Saturday Evening Post.

The article, by John Wesley Noble, largely concerns the Fund's "cast insurance," which covers losses from death, illness or injury to specified motion picture stars while pictures are in production. Under this coverage, losses have been paid for movie-making interruptions involving Elvis Presley, Jennifer Jones, Audrey Hepburn and the late Tyrone Power, and other filmland notables. Because of another special coverage, even two rare kissing fish rated a special attendant and limousine transportation during the shooting of one recent film.

Mutual Benefit H&A GAs Elect

A. W. Heuertz was elected president of Southern General Agents Assn. of Mutual Benefit H.&A. at the annual meeting at Dallas. He is general agent at Memphis for Tennessee and has been with the company 39 years.

Foster And Horne Elected Afco V-Ps

Afco and its affiliated companies have elected Joseph T. Foster vice-president and Edward W. Horne vice-president and secretary.

Mr. Foster, who has been assistant vice-president, is in charge of the advertising, promotion and publicity programs of the organization. He was at one time assistant managing editor of United Press at Cleveland, associate editor of Pathfinder Magazine, a writer for National Geographic, and publications manager of Lever Brothers Co. Before joining Afco he was with the advertising department of American Fore Loyalty.

Mr. Horne is general counsel of Afco and has been secretary since early 1959. He formerly was a member of the legal staff of General Motors in New York and previously practiced law in Smithtown, N. Y.

$149,000 Judgment Against Individual Defendant Is Turned In By Mich. Jury

SAGINAW, Mich.—An insurance man's widow during the past week lost an accident damage case in circuit court here in which a $149,000 judgment was returned against her by a jury.

By coincidence, a clinic session for plaintiff attorneys was conducted here last year at which an outstandingly successful Ohio lawyer who had obtained several record judgments was the chief instructor.

The $149,000 judgment was returned against Mrs. Lillian B. Sonnenberg, 36-year-old mother of four children. Her husband, an insurance salesman, was killed in an accident July 6, 1957, on which the current action was based.

Plaintiffs were William, Albert and Fiori Janni, brothers, who had sought a total of $700,000 damages for alleged permanent injuries suffered in the crash. Counsel for the brothers sought to prove that Sonnenberg was driving while intoxicated and did not have his headlights on when his car collided with that of the Jannis.

Defense counsel contended that details as to circumstances of the accident were not clear and that Sonnenberg had suffered frequently from extremely severe headaches.

Slate CPCU Institute At University Of Kansas

The program has been announced for the South Central District CPCU Institute, June 13-15, at University of Kansas. The lecture-seminar-study series will cover marketing, investments and personnel.

Lecturers will be Harold G. Evans, American Casualty; Donald E. Manuel, Insurance Securities of Oakland, Cal.; Elmer L. Nicholson, Connecticut General Life; C. C. Otto, Western Casualty & Surety; J. Charles Partee, Northern Trust Co., Chicago; Robert A. Rennie, Nationwide General; George B. Smith, dean of the University of Kansas; and George V. Whitford, Reliance.

Schedule Course At Mich. State

The second of two short courses for agents will be conducted at Kellogg Center of Michigan State University June 27-29. The course is an agency operations and sales institute and will emphasize administrative techniques, efficiency methods, sales ideas and analyses of package policies. The first course on basic fundamentals was conducted earlier in the month.

Liberty Mutual Holds N.Y. Claims Seminar

Insurance buyers attending the Liberty Mutual claims seminar in New York City were shown a variety of devices and techniques designed to reduce claims and industrial hazards.

Among speakers at the meeting were Frank Husted, acoustical engineer; Frank J. Crandell, assistant vice-president and chief engineer; Dr. Willem S. Frederik, director of research facilities, and William R. LaRocque, supervisor, all from the Boston office of Liberty Mutual.

Vagueness in the laws of the state of New York have complicated the problems of claims for partial disability due to deafness, Mr. Husted said. The law speaks of "normal hearing," "harmful noise," and "hearing loss" without explaining what it means by these terms.

The law provides for notification of previous employer after a waiting period that evidence of loss of hearing has been found. The actual claim against the employer can come years later, Mr. Husted warned.

This makes it essential to find out if the employe has normal hearing when he is hired, he said.

The problem can be complicated by the fact that elderly people normally hear less than the younger people upon whom the standards were set. Although some states specify that after 40 the average person can be expected to lose a decibel a year in hearing, other states have yet to make this point clear. Missouri and Wisconsin laws state that at least 15 decibels must be lost for a claim to be made, Mr. Husted said.

Noise Reduction Techniques Cited

In tackling the causes of industrial deafness, the speaker told insurance buyers that the most common type of this ailment when it is due to industrial noise is high frequency deafness, reducing the clarity of conversation without taking away much of the volume of the sound. It is brought about by such noises as intake and exhaust of gasses and the resonant vibration of saws.

These noises can be reduced and with economy, Mr. Husted said. Liberty Mutual has developed a lucite nozzle for use where compressed gasses are released, breaking up the high-pitched scream that comes from this type of operation.

The resonance of saws can be muzzled with a steel ring or even a piece of tape stuck near the blade. Most saw noise is similar to that of a bell, Mr. Husted explained.

Mr. Crandell reported that in excavations for the New York State water system and in several gypsum mines a Liberty Mutual device has proved extremely useful in predicting cave-ins. After searching for years for a way to reduce mining accidents due to tunnel failure Mr. Crandell discovered that objects let off inaudible sounds as pressure is exerted on them and that those sounds multiply astronomically just before the objects break. He then went on to devise a gadget which would measure and record these sounds.

Using the principle that quartz crystals let off electrons in their convex side as they are bent, Mr. Crandell put two crystals together, attaching them to an amplifier. The resulting instrument multiplied microseismic sounds 300,000 times and could record movement of the thickness of a hydrogen molecule.

The relation between this microseismic sound and eventual collapse of a section of a tunnel has been found to be so precise that on one occasion the fall of a tunnel was predicted within two hours of the event.

Mr. Crandell also traced the history of his research in the field of shock absorbers for use in buildings where looms or similar machines are operated, where vibration can shake a brick building apart. The newest fixture developed is a ball bearing and spring setting for machines. Before this invention whole factory floors had to be floated on springs.

Mr. Crandell finished his talk with a movie on the experimental safety automobile he developed with Cornell Aeronautical Laboratories. The car does away with all the causes of injury that exist inside a car when collisions occur.

Other Devices Displayed

Dr. Frederik displayed some of the recent work of his research establishment in the field of industrial safety. Devices shown included:

—An inhalator that reduces or increases temperature of air to about body temperature.

—"Alertomatic," an installation used in cars and trucks to warn drivers that they are sleepy.

—A friction coefficient indicator that tells how slippery a floor is.

—A pneumatic press safeguard, that shuts the press off automatically if a hand or finger is in the way.

—A reaction time indicator that measures the quickness of people engaged in vital activities.

Mr. LaRocque demonstrated a black light machine which causes oily hands placed under the light to fluoresce.

MONEY TAKEN HOME FOR SAFEKEEPING

Clarify Money, Securities Form; Cases Turn On Property Addition, Relocation

The meaning of the word "convey" in the money and securities policy was the issue in two cases involving loss of funds. In one suit, Louisiana supreme court affirmed a lower court's ruling that American Employers was not liable for the disappareance of a bag containing $2,160. The case is reported in 10CCH (Fire & Casualty) 345.

A New Orleans supermarket owner closed his establishment at approximately 11:30 p.m. on Feb. 5, 1956. He drove to his home, taking two bags of money, one containing $3,491.27 and the other $2,610. On arrival, he placed the bags in a cedar chest in his bedroom. The next morning, insured rose early, prepared a deposit slip for $3,491.27, and drove to his store with the bag containing that amount, placing it in his safe. Later in the morning he deposited this sum in a bank across the street from his supermarket.

Just before noon, he was informed by telephone that his house had been burglarized and that the money he had left in the cedar chest had been taken, in addition to jewelry and other personal belongings.

Play On Words

Insured sought recovery on the ground that the $2,160 was being conveyed by him to the bank, because he intended to return home later in the day and deposit it. Insured asked for a liberal interpretation of the words "being conveyed" to make them equivalent to "in transit." Courts have held that property insured while in transit is covered not only during time of actual movement, but also while temporarily at rest during a continuous undertaking, insured contended.

In affirming the lower court's rejection of this contention, the supreme court observed that the fact that insured had intended to return home for the $2,610 and deposit it later in the day cannot be employed to provide coverage under the policy on the theory that the money was still being conveyed by insured in his capacity as messenger. The insuring clause covers actualities, not intentions, and clearly indicates that the conveying messenger must have the money in his possession at the time of loss. Since this was not the case, insured's appeal was rejected.

Wallet In Many Places

A similar case, with variations in circumstances, was finally decided in favor of Maryland Casualty by the appellate division of the New York supreme court, after a trial court ruled for the insurer and was reversed by the supreme court. The case is reported in 10CH (Fire & Casualty) 335.

On Friday evening of Aug. 16, 1957, Mr. Salmonsohn, secretary and general manager of O.K. Express Corp., insured under the policy, found that

(CONTINUED ON PAGE 67)

N. J. WC Premiums Reach Record High

Bernard Hamilton, manager of Compensation Rating & Inspection Bureau of New Jersey, reported at the annual meeting that premiums for the calendar year 1959 rose to a new high of $95,236,809 compared with $89,096,060 in 1958. Loss ratio in 1959 was 60.26, and in 1958, 59.74.

Named to the governing committee were Aetna Casualty, Fidelity & Casualty, Hartford Accident, Liberty Mutual, Lumbermens Mutual Casualty, and New Jersey Manufacturers Casualty.

Mr. Hamilton noted that at April 1, 1960, there were 6,382 assigned risks with an estimated annual premium of $2,584,612. At Dec. 31, 1958, there were 5,708 assigned risks with estimated premiums of $2,456,894. There were 999 assignments in various stages of processing at April 1, making the total of 7,381 risks with premiums of $3,191,136.

Other Developments

Continued rise in the numbers of assigned risks has led to the mechanization of the control data used in the bureau's operations, Mr. Hamilton said, and it is now possible to furnish companies interested in offering voluntary coverage to employers under assignment, partial lists that will speed their consideration and solicitation of such employers.

Mr. Hamilton noted that the collectible level of rates to be effective July 1 is 4.3% above current rates. The adjustment reflects an increase of .8% to provide for collection under the state security funds, and a rise of 3.5% based on the 1959 experience.

Mr. Hamilton said that the governing committee's inauguration of a classification research program in 1959 was most significant. The rate changes effective July 1 are the first fruits of this effort. The program's objective is the improvement of the manual in all its aspects, with emphasis on simplification, and proper interpretation and application of rules and classifications when coverage is written and when the final premium is determined.

Standard Accident Raises Talmage At Kansas City

Max E. Talmage, manager of Standard Accident's casualty and property underwriting department at Kansas City since 1951, has been appointed assistant manager there. He began in insurance with the company in 1939 and was in the home office until 1949, when he went to Kansas City.

Philadelphia Auto Underwriters Elect

J. William Heath, Indemnity of North America, was elected president of Automobile Underwriters Club of Philadelphia at the annual golf outing.

Vernon P. Searfoss, Springfield Monarch group, was named vice-president and Fred Coleman, National Union Indemnity, secretary-treasurer.

New Premium Budget Plan

State Auto of Indiana and its affiliated Statesman are making available a premium budget plan written through a subsidiary, Timeco Inc.

The new finance organization is run by officers of State Auto and it will offer several premium financed plans to agents of State Auto and Statesman.

New Handbook Ready For West Virginia

A new Underwriters Handbook of West Virginia has just been published by the National Underwriter Company. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout the state. Copies of the new West Virginia handbook may be obtained from the National Underwriter Company at 420 East Fourth Street, Cincinnati 2, Ohio. Price $12.50.

Home Of Hawaii Promotes Bennett

Home of Hawaii has appointed Eugene F. Bennett assistant secretary. He heads the armed services division and manages special accounts.

Mr. Bennett joined the Honolulu-based company five years ago after 13 years with Royal-Group in New York as special agent and special accounts representative.

Greck Joins Brewer Agency

Edward T. Greck, special agent of Aetna Casualty at Buffalo for five years, has joined the Brewer & Brumley agency at Lockport, N. Y., as an associate. Mr. Greck is a graduate of Aetna Casualty's training school and has been a member of the New York Insurance Speakers' Bureau.

Herbert S. Brewer, principal of Brewer & Brumley, is a past president of New York State Assn. of Insurance Agents, and also operates the Shapleigh-Wright agency in Lockport.

High-Speed Midget Automobiles Are Providing Problems For Auto Insurers

By EUGENE G. DOWNEY

Insurers are having problems with iability coverage of midget automoiles or go-karts, as they are someimes called. These vehicles, powered y lawnmower engines, are mainly sed by children eight to 16 years old.

Medical payment claims have been nade on auto policies for incidents rising out of use of these soapboxize vehicles. Use of midget autos has aused several deaths. The machines an be made in the home and, depending on whether they are fitted with one or two lawnmower engines, o 30 to 60 m.p.h.

They have been excluded from the CPL and farmers CPL policies away rom the premises, and also from the pecial auto policy. The family auto policy apparently covers the vehicles, which differ so greatly from the usual oncept of an auto risk.

Drivers of the machines are usuly too young to hold a drivers liense and these advanced toys can each speeds that kill. At best, the midget auto affords little protection to he occupant or occupants. It does not onform to most state motor vehicle aws as regards directional signals, rakes, and lighting equipment.

Fatalities On Record

Events to date with midget autos ave been distressing. The son of an nsurance agent in the east was ridng around the garden of his home with a 10 year-old girl standing on the ack of the machine. She ducked to void an over-hanging fruit tree. Her air caught in the machine and she was pulled down and killed by scalpng.

Within a space of two weeks, two oys were killed in Indiana. One, sing a safety helmet and seat belt, lied of a broken neck. He was found itting upright in the car after it had urned a complete somersault. In another fatality, a boy in Florida was hrown clear of the vehicle and killed gainst a tree.

Insurers differ on the best approach o coverage of liability for midget auto ctivities. Most insurers are seeking o avoid the business, and although he family policy does cover midget utos at present it is expected they vill be excluded under the policy erms at the next revision. Some of he midget auto business is being vritten in the non-admitted market.

Most often driven on weekends on upermarket lots or in specially built renas, even then the hazard is considerable. Racing competitions are eld for the boys, and sometimes dadon races.

Firm Sold 12,000 in Three Months

The number of midget autos is rowing rapidly. There are said to be ,000 in Indiana. One lawnmower nanufacturer, marketing auto kits to e assembled at home, sold 12,000 in hree months. Models of midget autos ary in price from about $70 for the wo-engine job capable of 60 m.p.h. o $500 for streamline replicas of adult ace cars. Strangely enough, some of he expensive toys are governed at 5 n.p.h. However, a suburban store in he Chicago area recommends a model for older children" claiming it will o 90 m.p.h. The National Safety ouncil calls them "cute little killers." Underwriters are similarly apprehensive.

Manufacturers, criticized for making these lethal toys available, contend that the young autoists will grow up to be better drivers for the experience. Another manufacturer said he is not concerned with what people should buy but what they would buy.

In Darien, Conn., the board of education banned mechanically propelled gasoline-driven midget autos, scooters and other machines from school grounds. About 200 junior and senior high school children were reported to be operating the machines there. They had become a traffic hazard and the ban was described as a safety precaution.

Known As Hot Rod Little League

As a sport, midget auto racing is developing. It is sometimes known as the hot rod little league. The national championships were held last fall at Allentown, Pa. The event was advertised as "sanctioned and insured by Grand Prix Karts Club of America" with headquarters at Hopatcong, N. J. The final was a 100-mile race of 300

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America Fore Loyalty Advances Dr. Coyle

America Fore Loyalty has advanced Dr. James F. Coyle from assistant to associate medical director. Dr. Coyle, formerly at America Fore's head office, has assumed charge of the newly established medical department at Loyalty's modernized building in Newark.

Dr. Coyle received his A.B. degree from Fordham University, and his M.D. degree from New York University-Bellevue Medical Center College of Medicine. He joined America Fore's home office medical department in 1955 and was named assistant medical director in 1957.

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List Of Unsafe Drivers Urged

WASHINGTON—The House commerce committee has approved a bill which would authorize the Secretary of Commerce to maintain a register of drivers whose licenses have been revoked. This would, according to the bill's sponsor, Rep. Rhodes, give the states the machinery to establish the identity of "chronically unsafe drivers."

OK Merger Of Three Farm Bureau Insurers

The merger of two farm bureau companies into Cal-Farm Ins. Co. has been approved by the California and Washington departments.

The companies involved are Farm Bureau Mutual and Washington Farm Mutual, affiliate of Washington Farm Bureau, and Cal-Farm, which is an affiliate of California Farm Bureau Federation. The new company will offer auto, fire, comprehensive liability, personal property and coverage against special agricultural hazards. It will write business in California, Washington and Nevada.

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Allstate To Award Nursing Grants

Allstate will provide scholarships for student nurses and for recruiting young persons for the nursing profession. About 50 scholarships will be awarded annually by the Allstate Foundation to enable students to attend schools accredited by National League for Nursing. The company is initiating the program to help alleviate the growing shortage of nurses.

Summer Program Set By N. E. Advisory Board

New England Advisory Board will hold its summer meeting June 19-21 at the Lake Tarleton Club, Pike, N.H.

Speakers include William A. Pollard, executive secretary, and George S. Hanson, general counsel, both of National Assn. of Insurance Agents, and Robert MacDonald, professor of Dartmouth's Amos Tuck School of Business Administration. William N. Woodland, executive vice-president and secretary of Mutual Fire Insurance Assn. of New England, will moderate a panel discussion on future prospects in the business. Participants will be 12 agents —two from each New England agents' association.

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Indiana Adjusters Elect

Indiana Casualty Adjusters Assn. has elected N. C. Frank, Buckeye Union Casualty, president; Robert Shelton, Meridian Mutual, 1st vice-president; Frank Cooper, General Accident, 2nd vice-president, and Donald B. Pontius, Indiana Farmers Mutual, secretary-treasurer.

Sessions Retires As American V-P At L. A.

D. R. Sessions, vice-president of American at Los Angeles, has retired after more than 38 years with the organization. He began his insurance career in 1919 with Travelers as special agent in Chicago, and was later in the general agency business there. He joined American Auto in 1922 as Detroit manager. In 1930 he was named resident vice-president at Los Angeles, and in 1939 he was elected vice-president.

Mr. Sessions, who has been in charge of Pacific Coast operations since the merger of American and American Auto in 1956, has agreed to supervise construction of the group's new Los Angeles building—a project he inaugurated. The building is scheduled for completion early in December and will be partially occupied by the group's Los Angeles branch, under Charles H. Thompson, resident vice-president.

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Loyalty Group Signs Light Newark Skies

Three electric signs—believed to be the largest installation of the kind in the east—have been installed on the roof of Loyalty group's head office in Newark. Each sign is fabricated in the familiar America Fore Loyalty parallelogram, and includes time and temperature units which flash 14 times a minute.

The sign letters are of procelain construction, illuminated internally with red neon tubing. One sign faces north, another south, and the third southeast. Lighting ceremonies were held at the 744 Club in Newark where William B. Rearden, chairman of Loyalty, threw a switch to illuminate all the signs simultaneously. Other America Fore Loyalty officials also attended.

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Shelby Mutual Has Seminar On Auto Accident Facts

Facts and the proof to establish facts about automobile accidents were discussed at a one-day seminar on accident investigation at the home office of Shelby Mutual on June 2. Nearly 100 persons took part.

Leading the discussion were Prof. C. J. Halley of Oklahoma Baptist University and Prof. J. S. Baker of Northwestern University.

Prof. Halley, who has studied skid marks as a means of determining car speed at the time of an accident, demonstrated how skid marks originate and how they should be measured according to car weight classifications. A radar equipped highway patrol car was used to verify speed of each test.

Prof. Baker, director of research and development of the Traffic Institute at Northwestern, talked on techniques in reconstructing events that lead to an accident.

In addition to Shelby Mutual claim personnel, representatives of a number of Ohio and out of state companies, together with members of Ohio State Highway Patrol and other law enforcement agencies attended.

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Huggard Is Promoted By Kemper Companies

W. Allen Huggard has been promoted to assistant secretary of Lumbermens Mutual Casualty and American Motorists. He joined the Kemper organization in 1948 in the personnel department and prior to his appointment was assistant to Chairman Hathaway G. Kemper.

Practical Topics Set For Carolinas Mutual Agents' Annual Meet

A review of agency operations is the theme for the June 23-25 annual convention of Carolinas Assn. of Mutual Insurance Agents at Ocean Forest Hotel, Myrtle Beach. Carl L. Strong, associate professor for insurance service and continuing education of Michigan State University, will examine agency employe problems. John D. Long, professor of insurance at Indiana University, will view management problems, sale of agency contracts, and buy-agreements and wills. John Adam, vice-president Worcester Mutual, will deal with advertising and sales.

Other speakers include John Keyser, Kalamazoo, president of National Assn. of Mutual Insurance Agents; Commissioner Gold of North Carolina; Dr. Neal Bowman, National Assn. of Manufacturers; Norman Trebilcock, vice-president Badger Mutual; James Boudman, Harleysville Mutual; and John F. Mulvihill, Hartford agent.

Allstate's Survey Reveals Necessity Of Parental Control

Parents who do not wisely regulate their teenager's use of the car are endangering his high school grades, his future and perhaps even his life.

This was the main finding of a comprehensive study undertaken to determine the automobile's influence on teenage behavior conducted by Allstate in cooperation with 30 selected high schools throughout the U.S. and Canada. The academic, driving and social habits of 20,000 junior and senior youngsters were analyzed.

Judson B. Branch, Allstate president, said the study leaves no doubt that it isn't the car but the control of its use that is important. He stated that parents must realize the urgency of exercising more authority over their teenagers in the matter of how and when they drive.

It is not true that a small minority of underage drivers are responsible for most of the accidents, Mr. Branch declared. Repeaters are not the major problem, for the study indicates that those who have accidents today usually are not the same ones who have the accidents tomorrow.

Confirming the car-grades situation, the study indicates that the amount of car usage has a direct relationship to academic standing. Driving a car does not in itself have an adverse effect on grades, but when the use of the car is permitted to infringe on school work, serious problems develop.

The concept of youngsters paying their own way obviously has merit, but when it involves paying their way in using the car, it boomerangs in the form of inferior school work, the study shows.

Other findings on the car-grade relationship include: Good students who yield to the car craze suffer the sharpest drop in grades; the longer a car has been owned, the less is the chance of a boy being a good student; by far the greatest scholastic damage occurs when the high school junior obtains a car; among students with neither car nor job, there are twice as many A and B students as among students having jobs and cars, and the more evenings a car is used, the more apt are grades to fall.

American States Builds Branch In Indianapolis

American States is beginning construction of a metropolitan branch office in the 3400 block of North Meridian Street, Indianapolis. The one story, 120 x 100 foot building is expected to be ready for occupancy in summer of 1961. It will cost $564,000 and will have a full basement and footings that will permit upward expansion of four additional floors that are contemplated in the future. Initially, the 80 member staff of the branch will provide sales, underwriting, and claims service for the company, plus its life affiliate, American States Life, and its auto subsidiary, American Economy.

Kurth Is President

Mutual Insurance Agents Assn. of Greater Detroit has elected Douglas Kurth president. Ronald Davis is vice-president; Helen Ludwig, secretary, and Phillip Margolis, treasurer.

Donald H. Parsons and Jack C. Cooper have joined the **Davis agency** in New York. Mr. Parsons was formerly manager and vice-president of E. M. Tropper agency and before that was a special agent of Home for 15 years. Mr. Cooper was most recently with Hanssler & Co. in New York. In his 35 year career, he has also been with John C. Paige & Co. and with Brewster-Badeau & Co.

IIHS Backing Big Fla. Traffic Safety Drive

A comprehensive program of traffic safety in Florida, is getting financial support of Insurance Institute for Highway Safety. At a Tallahassee luncheon meeting to launch the program, the institute was represented by Russell I. Brown, president, and Thomas A. Seals, traffic consultant, who described assistance to be given by the insurance business. The institute will provide staff consultation, help obtain services of out-of-state agencies, and aid in developing public support.

Florida was chosen as the pilot state for a long-range action program of accident prevention. The drive aims at improved enforcement through the police and courts; traffic accident investigation, reporting and records; improved driver licensing methods; highway and traffic engineering schemes; and increased school traffic safety education.

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Society of Fire Protection Engineers' New York chapter will have three films on its program June 13 at America Fore Building. They are the Atomic Energy Commission's "High Energy Radiations For Mankind"; National Board's "The First Five Minutes" on industrial plant fire brigades, and Associated Films' "Design For Arc Welded Structures."

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Hayes To Flynn, Harrison

Charles H. Hayes Jr., is now associated with Flynn, Harrison, & Co., New York brokers. He was formerly with Charles W. Benfield brokerage for seven years.

Travelers Names Nash In New Sales Division

Travelers has named Audrow Nash superintendent of the newly created sales promotion unit in the casualty-fire agency. The new home office unit will direct and coordinate all sales promotion activities for the companies in the casualty-fire agency department.

Audrow Nash

Mr. Nash joined Travelers in 1951 as a field supervisor at Milwaukee. He was transferred to Hartford as an instructor in the casualty school in 1956, and in 1957 was named assistant superintendent of training and sales promotion in casualty, fidelity and surety, fire and marine.

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Taheny Succeeds Hatch At Argonaut Helm

J. P. Taheny has been elected president of Argonaut of San Francisco to succeed Harold A. Hatch, president and founder, who was advanced to chairman.

Mr. Taheny has been executive vice president of Argonaut since he joined the company in 1951.

Mr. Hatch has been an insurance man since 1918. He founded Argonaut in 1948 with a capital of $200,000.

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Elect McGuinness Skipper At Mass. Mariners Outing

Mariners Club of Massachusetts, at its annual outing at Andover, elected Edward A. McGuinness, state agent of Aetna Casualty, as skipper to succeed Joseph E. Fellows of William Wallace agency, Boston.

Walter A. Ward, assistant manager at Boston of Appleton & Cox, was elected first mate; John M. Thod... Atlantic Mutual, yeoman; Charles ... Steeger, Boit, Dalton & Church agency, Boston, purser; and Alexander J. Be...ton of Patterson, Wylde & Windeler, Boston, entertainment chairman.

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Va. Agency Incorporated

The Ellison P. Gaulding agency of Richmond has been incorporated under the name of Gaulding-Willet Agency, Inc. Ellison P. Gaulding, whose agency has operated there for 22 years, is chairman, and V. L. Willet is president. Mr. Willet has been with Bituminous Casualty for 18 years.

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Holds Claim School

American Casualty has completed its first claim department training school under direction of Clayton E. Bras...field, claim examiner, and Henry ... Dunn administrative assistant in the claim department. Diplomas were presented to 19 graduates by Walter ... Dodd, assistant vice-president, who presided at the final class of the four week course.

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Earnest E. Wright has merged his agency at Freeport, Ill., with the Ellis agency, operated by **Frederick Ellis Jr.** Mr. Wright had operated his business for 15 years. The Ellis agency was organized in 1958. F. H. Ellis Jr. was with North America at its head office. He is a son of F. H. Ellis, assistant secretary of Freeport.

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Yorkshire and **Seaboard F. & M.** have been licensed in Montana.

William Hull, London & Lancashire; Robert F. Hamm, Indiana Rating Bureau; Walter Dithmer, Insurance Information Institute; Ira E. Bain, Home, and J. F. Kennedy, Crum & Forster, at the Indiana meeting. Messrs. Hull and Bain are holding past president award plaques, and Mr. Hamm has the service award of the fire prevention association.

Indiana Field Men Hold Annual At Indianapolis

Indiana Capital Stock Insurance Assn., meeting at Indianapolis, elected John F. Kennedy, Crum & Forster, president, and Marvin Simpson, London & Lancashire, vice-president. Elected to serve on the executive committee were Richard N. Jennings, New Hampshire; David Klein, St. Paul F.&M.; Robert J. Bell, Phoenix of London; H. W. McCusker, Royal, and Robert Voris, America Fore Loyalty group.

Walter G. Dithmer, regional director of Insurance Information Institute, was guest speaker and outlined future plans for the field club activities under the guidance of III.

At the annual meeting of Indiana Fire Prevention Assn., Robert Adams, Ohio Farmers, was elected president; Newman Durell, New Hampshire, vice-president and Victor Belinski, Hanover, secretary-treasurer. Edward D. Higgins, Crum & Forster, is assistant secretary-treasurer.

A plaque was presented by the fire prevention association to Robert F. Hamm, director of public relations of Indiana Rating Bureau, for his years of service to fire prevention activities.

Harry McClain, executive secretary Indiana Assn. of Insurance Agents, presented the Harry McClain Golf Trophy to W. W. Robertson, Agricultural, at the combined banquet.

Royal-Globe Grant Brings British Student To U.S.

Royal-Globe group has revealed the recipient of its annual fellowship award, providing for a year of study by a British student at an American university or an American student at a British university.

This year's award goes to John D. Harrop, a political science student at Oxford University, who will spend a year at Stanford University, studying American democracy as expressed in its political institutions.

The fellowship, administered through the English-Speaking Union, was established in 1955 to assist continuation of friendly economic understanding between the U. S. and Britain.

Hartford Fire Raises Haynes, Gay In Marine

Hartford Fire has named Alfred D. Haynes Jr. manager and Walter I. Gay assistant manager of the ocean marine department at New York.

Mr. Haynes, associate manager of the department since 1957, joined the company in 1952. He is a charter member, past director, and is on the publications committee of American Marine Insurance Forum.

Mr. Gay has been with Hartford Fire since 1954. He was special agent at Newark for four years before his transfer to the ocean marine department in New York last April.

America Fore Loyalty To Have New Dallas Quarters

The southwestern department offices of America Fore Loyalty group will be consolidated in August in the new Mercantile-Continental Building in Dallas. The group will lease about 60,000 square feet of space on two floors and part of a third for administrative and staff offices, a medical department and employe cafeteria.

Hathaway Is Nw Mutual Southeastern Manager

Northwestern Mutual has appointed Woodrow W. Hathaway manager of the east-southern division with headquarters at Chicago. He succeeds Howard D. Heath, who was recently elected to the board and executive committee.

W. W. Hathaway

Mr. Hathaway went with Northwestern Mutual in 1936 as an underwriter in the southeastern department and became assistant manager. Since 1946, he has been manager of the southwestern department at Dallas.

W. H. Kuhnhold Retires

W. H. Kuhnhold, associate manager of the ocean marine department of Hartford Fire at New York since 1943, has retired. He entered the business more than 50 years ago.

See All Lines, Hard Sell In 1960s Plus Electronic Paper Processing

KIAMESHA LAKE—Three thoughtful discussions of the business in the 1960s were presented to the annual convention here of New York State Assn. of Insurance Agents.

John F. Harris, vice-president of Travelers, dealt with problems of pricing, the need of professional service to insured including personal insured, and the importance of insured's having the advice of an agent representing his interest at time of claim.

N. C. Flanagin, president of Lumbermens Mutual Casualty, emphasized the opportunities (and problems) ahead for the mutual agent. He said a sampling of his group's agents in upstate New York, most of which are mixed agencies, shows that 35% are selling new business and 65% are devoting most of their time to servicing established business. Only 32% of the agencies have men under 35 soliciting business; 68% have no producers under 35. This is a crucial problem, Mr. Flanagin declared. Without more young men developing into agents who are aggressively soliciting more new business, "we are bound to be out-sold by our competition."

Robert A. Rennie, vice-president of Nationwide Mutual in charge of research, sees the 1960s bringing all lines family account packaging of insurance services, the progressive automation of all insurance distribution procedures, the merger of companies, and the integration of insurance and investment services (mutual funds) to provide a more rational approach to family financial planning over its life cycle.

Siamese Twins

Neither the stock agency company nor the independent agent can make any headway unless both work together and in the same direction, Mr. Harris pointed out. When either has an ailment, the other is sick. If either attacks the other, he injures himself.

Company-agent problems have never been more acute, he said. But in the past three years companies and agents have become more alert to the dangers facing them. They have taken such positive steps to meet them such as the new homeowners, new auto rating plans and policies, the Big I advertising program, Insurance Institute for Highway Safety, coordination of public relations efforts through Insurance Information Institute, and the new commercial packages with specialized rates and policies, either announced or on the drawing boards. He also noted new budget facilities and installment payment plans.

Strive For Better Product

The agency company and producer must constantly strive to provide a better product, Mr. Harris said. Such policies must be sound and salable at a price the public is willing to pay. The price must be low enough to fit the budget of the average family and permit them to buy the forms of protection they need. It must also be competitive with other insurers, "regardless of their method of merchandising."

At the same time, he warned, the price must be high enough to reimburse the company for losses paid and expense of operation. It must also be high enough to compensate fairly the producers for the sale and servicing of the coverage.

Such a standard of pricing obviously is difficult to accomplish. But it is essential to the agency system's future. The past decade has demonstrated that price is a prime factor in the purchase of coverage. It is this pricing problem that has created the present confused market in the business, particularly in the personal lines and has led in large measure to the difference in merchandising philosophies.

Mr. Harris noted that insurance is not a commodity. What the agent sells is a legal contract calling for indemnification and professional services. Indemnification is relatively simple, it is the mere ability to pay a claim under a contract.

Professional service is another story. The so-called direct writers, who have been so successful in the personal lines

Arthur Lavine

and now are moving into commercial, are "only interested in employing salesmen who are only interested in selling," Mr. Harris said. "Conversely, we believe that the professional service which should be rendered in connection with an insurance policy is of equal importance with the indemnification and in a large measure determines the satisfaction with which the indemnification will be received."

Mr. Harris sees professional service falling into three phases. One is that the economic background and situation of the buyer must be geared into the contracts and the amounts available if his premium is to give maximum protection power. Second is keeping new developments in coverage in harmony with the economic situation of the policyholder. Third consists of advice and representation of the policyholder at time of claim.

In case of a claim presented to an organization which does not operate through independent agents, there is no one to represent the policyholder, strictly speaking. This is, he said, "because the man who sold him the insurance is a company employe who is discouraged from becoming involved in claims and, if he did, could hardly avoid representing solely the interests of his employer."

Needs Best Counsel

In such vital purchases of life, homeowners or automobile insurance—in which a man's family's future, all he owns, and even his earning capacity may be at stake, the client needs the very best counsel he can get. In short, he needs the experienced, professional advice of the independent local agent.

The trend among buyers is to trust one agent to handle all their insurance problems, Mr. Harris said. Insurance is an intangible, very difficult to evaluate in dollars and cents. Yet, an agent sells one of the most valuable products in the world, peace of mind. At least that's what he should be selling. It doesn't always work that way. One agent tries to persuade his prospect that he should buy life insurance to provide funds for his family in the event of his death. Another agent concentrates on selling protection of his income against stoppage due to A&S. Still another concentrates on automobile or fire insurance.

Competitive Weapon

The more insurance needs the agent is able to satisfy, the more value he can give. Here the multiple-line agent has the finest weapon against competition, Mr. Harris believes. In face of comprehensive protection, the price factor between automobile policies, or between rates for any other single type of policy, loses its significance. The ability to program, to advise, to serve and to maintain a personal relationship, marks the difference between an independent agent and a hired hand. The ability to provide every form of protection needed places the agent in a preferred position. By establishing an insurance account in this manner, the agent causes the purchaser to regard him as his insurance man—which, economically, permits the agent to devote the necessary time and attention to his needs. The likelihood of losing one policy to a competitor is far less if that policy is part of a comprehensive and complete program.

Deserves Equal Emphasis

Product value deserves as much emphasis as service value, Mr. Harris said. If the agent is not loyal to the brands he sells, his customers will have no way of knowing which are the quality products in insurance. If the agent does not identify this merchandise—and create desire for it—he cannot blame the purchaser who shops for price alone. Competitors, through persistent advertising on a national level, have succeeded in creating a brand-consciousness—which is even more important than price-consciousness. But the agent can overcome this, on the local level, by stressing the values inherent in the products he represents.

Nothing is more repugnant to him, he said, than substituting machine operation for personal service. In the case of insurance, this can never be done without serious detriment to clients. Yet there are certain areas in which this must be done to compete successfully. There has been an element of duplication in the operations of companies and the independent agents, varying in accordance with individual methods employed by different companies and different agencies. Such waste must be eliminated. Companies and agents must agree which of these operations should be done by agents and which by companies. On this point, the criterion as to who should undertake each operation should be solely who can do it more economically and more efficiently.

Must Agree

Companies and agents, he said, must inevitably agree on the kind of policy issuance and premium collection which will permit mass handling of the clerical operations without the waste involved in the present flat cancellation program.

No technique of selling will supplant

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Please Public Or Quit, Adam Advises

Anyone in the business who does not want to compete in a race being run for the benefit of the public had better get out early and cut his losses short, John Adam Jr., vice-president of Worcester Mutual Fire, declared in a talk at the annual meeting of Vermont Assn. of Insurance Agents at Woodstock.

Recently in Massachusetts, he pointed out, an attempt was made to change the law to allow life companies to invest in fire and casualty insurers. Producers charged that this would put 28,000 agents and brokers out of work. While it is possible that some producers might have been forced out by additional life agents selling general lines, the only way a producer or company can be eliminated is by the public exercising its right to buy the product it prefers, Mr. Adam declared.

Noting the inroads by those who have introduced new methods and techniques in the business, Mr. Adam said that the only protection against the risk of exposure to innovation is to innovate. Agency companies can defend themselves only by taking the offensive. They cannot and must not attempt to hold on to present advantages, but must strive constantly to seek new advantages before competitors find them. In a period of rapid innovation, the criterion of what's best for the public may be the difference between economic life and death. Those with this attitude will be able to cash in on the bright prospects of the next decade.

In 1948, Mr. Adam noted, consumers had $227 billion to spend after taxes. In 1958, they had $317 billion, an increase of 40%. The figures he used were in terms of 1958 dollars, to eliminate the effect of inflation.

Even more important is the change taking place in the income pattern. In terms of 1958 dollars, the median income of families in 1948 was $3,425; in 1958 it was $4,400. In 1929 the richest 5% of the population got 30% of total consumer income. In 1954 they had only 20%. The number of poor people decreased in that period, so the only place that the reduction could go was into the middle income group which comprises the natural market for insurers.

Sales Prospects Ahead

Economists predict that the economy will grow faster in the next decade than in any previous 10 years, Mr. Adam noted. This means more property to insure and more people who can afford to insure it; more liability incurred and more people who must be protected against suits; more people and more lives to be insured.

There are some who believe that the way to secure a share of this market is to cut the producer's incomes. Mr. Adam opposes this view. Progress can only be achieved through a sales force that is well informed, well motivated, and well paid. Rewards will go to those who innovate, alter their product and the method of marketing it, so that the public expresses its approval by buying.

The public is not interested in the agency system, stock companies or mutual companies. Anyone who doubts this need only note that of the two leading automobile writers—both direct specialty companies—one is a stock and the other a mutual. The public is only interested in itself, Mr. Adam concluded.

Committee Chairmen Are Appointed By N. Y. Agents

New York State Assn. of Insurance Agents has appointed as committee chairmen Richard E. Thompson, Valley Stream, casualty; Sidney Mang, Sidney, membership; Alma P. Sherman, Schenectady, accident prevention; E. Glenn Giltz, Plattsburgh, finance; Elmer Nelson, Poughkeepsie, fire safety; W. Wallace Young, Buffalo, education and research, and Arthur L. Schwab, Staten Island, legislation and public information.

Also, Kenneth Estabrook, Binghamton, fire; Herbert S. Brewer, Lockport, association study; Craig Thorn Jr., Hudson, company liaison; Raymond Muth, Newark, regional meeting and operating; Lewis Lighton, Syracuse, convention; and Julius Ullman, New York City, accident and health.

Northland Names Myhre

Northland has appointed Sandy A. Myhre agency manager at St. Paul. He has been Minnesota manager for Zurich, and before that was in the field for Maryland Casualty.

New Handbook Ready For No. Cal., Hawaii And Nev.

A new Underwriters Handbook of northern California, Hawaii and Nevada has just been published by the National Underwriter Company. It provides complete and up-to-date information on the agencies, companies, field men, general agents, groups and other organizations affiliated with insurance throughout these states. Copies of the new northern California, Hawaii, Nevada handbook may be obtained from the National Underwriter Company at 420 East Fourth Street, Cincinnati 2, Ohio. Price $15.

Discusses Fire Safety In Plastics

Fire safety in plastic products was discussed by Gordon B. Thayer, Dow Chemical Co., Midland, Mich., at the May meeting of Chicago chapter of Society of Fire Protection Engineers. Plastics has become an important industry, he said, noting that annual production of polystyrene, polyethylene and polyvinyl chloride is 500 million tons. Formulas for many plastics contain self-extinguishing materials and afford built-in fire protection to some degree, Mr. Thayer explained.

CPCU Institute Set For Kansas In June

The 1960 south central district CPCU institute will be held June 13-15 at University of Kansas, Lawrence. The lecture-seminar-study series will deal with coming changes in insurance marketing, investment and personnel. All lines selling, including life and family finance will be explored.

Lecturers will include Harold G. Evans, president American Casualty; Donald E. Manuel, vice-president Insurance Securities, Oakland, Cal.; Elmer Nicholson, 2nd vice-president Connecticut General; and C. C. Otto, president Western Casualty & Surety. Also, J. Charles Partree, 2nd vice-president Northern Trust Co., Chicago; Robert A. Rennie, vice-president and research director of Nationwide Mutual; George B. Smith, dean of University of Kansas; and George V. Whitford, vice-president Reliance.

Eugene A. Toale, Wohlreich & Anderson, New York, and Fred Lagerquist of Knight, Martin & Lagerquist, Atlanta, Ga., have been named general chairmen of the northwest and southeast institutes, respectively. These institutes will be held in the spring of 1961.

Pacific Indemnity Names 2

L. M. Smith has been elected comptroller of Pacific Indemnity to succeed J. A. Van Roo, who will continue to serve the company in an advisory capacity. Wayne C. Holle, assistant general counsel, has been made a vice-president.

Phoenix of London has moved its Richmond, Va., office to 203 American Building.

F.&D. Transfers Burke To Pierce D. C. Post

Fidelity & Deposit has transferred Joseph L. Burke, assistant manager at Chicago, to the same post at Washington, D. C., where he succeeds Raymond E. Pierce, who resigned to enter another business.

Mr. Burke was special agent at Boston before his transfer to Chicago in 1949. He was named assistant manager there in 1958.

Young, Hartford Accident A&S Department, Retires

Jack A. Young has retired after 37 years with Hartford Accident. He was supervisor of underwriting and personnel for the personal insurance division of the A&S department. He joined the company at the home office in 1923.

Centennial In Canada

Centennial of Atlantic group has opened an office in Toronto, the first group office outside the U.S. Robert G. Webber, who joined the group earlier this year, is manager.

Fla. Women's Group Elects

Insurance Women of Jacksonville have elected Mrs. Jeannette Wynn, American Surety, president; Mrs. Jean Middlebrooks, New Amsterdam, and Mrs. Verna Wilson, Jacksonville Adjustment Service, vice-presidents; Miss Dolores Britt, Hutson & Rhodes agency, recording secretary; Miss Irene Ball, J. T. Alexander agency, corresponding secretary, and Mrs. Lee Milligan, Haynes & Peters agency, treasurer.

Conventions

June 12-15, Conference of Mutual Casualty Companies, management conference, Park Place Hotel, Traverse City, Mich.

June 13-16, National Assn. of Insurance Women, annual, Denver.

June 15-18, International Assn. of A&H Underwriters, annual, Conrad Hilton Hotel, Chicago.

June 15-19, National Assn. of Public Insurance Adjusters, annual, The Concord, Kiamesha Lake, N. Y.

June 16-17, Delaware agents, annual, Rehoboth Beach Country Club, Rehoboth Beach.

June 16-17, Georgia agents, annual, General Oglethorpe Hotel, Savannah.

June 16-17, Wisconsin mutual agents, annual, Schwartz Hotel, Elkhart Lake.

June 16-18, Mississippi agents, annual, Edgewater Gulf Hotel, Edgewater Park.

June 19-22, Insurance Advertising Conference, annual, Biscayne Hotel, Key Biscayne, Fla.

June 21-23, Wisconsin agents, midyear, Androy Hotel, Superior.

June 23-25, Carolinas mutual agents, annual, Ocean Forest Hotel, Myrtle Beach, S. C.

June 26-29, Virginia agents, annual, Cavalier Hotel, Virginia Beach.

July 7-9, International Assn. of Insurance Counsel, annual, The Greenbrier, White Sulphur Springs, W. Va.

July 17-20, Consumer Credit Insurance Assn., annual, The Greenbrier, White Sulphur Springs, W. Va.

August 7-12, Honorable Order of the Blue Goose, annual, Sheraton Cadillac Hotel, Detroit.

August 14-17, West Virginia agents, annual, The Greenbrier, White Sulphur Springs, W. Va.

August 15-17, Texas mutual agents, annual, Hotel Galvez, Galveston.

August 22-24, International Federation of Commercial Travelers Insurance Organizations, annual, Queen Elizabeth Hotel, Montreal, Canada.

August 24-27, Federation of Insurance Counsel, annual, Bellevue Stratford Hotel, Philadelphia.

August 25-27, Montana agents, annual, East Glacier Lodge, Glacier Park.

August 28-30, Wyoming agents, annual, Wort Hotel, Jackson.

Sept. 6-8, Maine agents, annual, Samoset Hotel, Rockland.

Sept. 7-10, Alaska agents, annual, Mt. McKinley National Park.

Sept. 11-14, National Assn. of Mutual Insurance Companies, annual, Olympic Hotel, Seattle, Wash.

Sept. 12, Vermont agents, annual, Basin Harbor Club, Vergennes.

Sept. 12-13, Utah agents, annual, Hotel Utah, Salt Lake City.

Sept. 12-16, International Union of Marine Insurance, conference, Shoreham Hotel, Washington D. C.

Sept. 13-16, Mutual Loss Managers' Conference, Roosevelt Hotel, New Orleans.

Sept. 14-16, Michigan agents, annual, Pantlind Hotel, Grand Rapids.

Sept. 15-16, Minnesota agents, annual, Pick-Nicollet Hotel, Minneapolis.

Sept. 18-20, New Hampshire agents, annual, Mount Washington Hotel, Bretton Woods.

Sept. 18-21, Idaho agents, annual, Sun Valley Lodge, Sun Valley.

Sept. 19-20, Minnesota mutual agents, annual, Pick-Nicollet Hotel, Minneapolis.

Sept. 19-21, Washington agents, annual, Olympic Hotel, Seattle.

Sept. 21-23, Canadian Federation of Insurance Agents & Brokers Assns., annual, Mont Tremblant Lodge, Mont Tremblant, Quebec, Canada.

Sept. 21-23, Oregon agents, annual, Sheraton-Portland Hotel, Portland.

Sept. 26, New Jersey agents, annual, Hotel Traymore, Atlantic City.

Sept. 26-28, National Assn. of Insurance Agents, annual, Chalfonte-Haddon Hall, Atlantic City, N. J.

Oct. 2-5, National Assn. of Casualty & Surety Agents & Executives, combined annual, The Greenbrier, White Sulphur Springs, W. Va.

Oct. 8-11, Kansas agents, annual, Broadview Hotel, Wichita.

Oct. 13-14, Conference of Mutual Casualty Companies, sales & agency meeting, Conrad Hilton Hotel, Chicago.

Oct. 16-18, Maryland agents, annual, Hotel Emerson, Baltimore.

Oct. 16-18, Ohio agents, annual, The Neil House, Columbus.

Oct. 17, Rhode Island agents, annual, Sheraton-Biltmore Hotel, Providence.

Oct. 17-18, Arizona agents, annual, Pioneer Hotel, Tucson.

Oct. 17-19, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.

Oct. 18-19, Massachusetts agents, annual, Sheraton Plaza Hotel, Boston.

Oct. 21-23, Colorado agents, annual, Broadmoor Hotel, Colorado Springs.

Oct. 22-27, National Assn. of Mutual Insurance Agents, annual, Statler Hotel, Washington, D. C.

Greetings to the

GEORGIA ASSOCIATION OF INSURANCE AGENTS

while convening at the

GENERAL OGLETHORPE HOTEL

Savannah, Ga.

June 15-17

The Canal "Crew" will be in the Rose Room and we extend to all in attendance a cordial invitation to make the Rose Room your hospitality headquarters.

CANAL

Insurance Company

GREENVILLE, SOUTH CAROLINA

YOUR Independent Insurance AGENT "SERVES YOU FIRST" Reg. U. S. Pat. Off.

Your Most Dependable Market For All Kinds Of Insurance On

TRUCKS **MOTORCYCLES**

TAXICABS **BUSES**

SPECIAL AUTOMOBILE RISKS

Hartford Fire Raises Austin And Jenkins

Hartford Fire group has promoted John F. Austin to superintendent, and Perry B. Jenkins to assistant superintendent of the bond-burglary department at its New England office. Mr. Austin succeeds John Peterson who is resigning to enter banking in the Virgin Islands.

Mr. Austin joined Hartford Accident in 1927. He was on the New England office staff from 1951 until 1956 when he returned to the home office as a surety underwriter.

Mr. Jenkins has been with Hartford Accident since 1920. He was at the Pittsburgh, Syracuse and Boston offices before going to the New England office four years ago.

False Representations In Application Relieve Insurer Of Liability

Colorado supreme court, in Safeco vs Gonacha, reversed a trial court decision and upheld the insurer's contention that false representations by its insured relieved it of liability even though the application was not attached to the policy. Gonacha's argument that he had a policy which had been "accepted as proof" of financial responsibility was incorrect, the court held, because he was not an assigned risk and Colorado does not have a compulsory automobile insurance law, so that Safeco had written the business voluntarily and was not subject to absolute liability.

Four Persons Injured

Gonacha was involved in an accident in which four persons were injured. When Safeco denied liability, Gonacha and the four injured parties sued. Safeco said Gonacha had misrepresented in his application by answering "no" to questions of whether he had had any insurance cancelled or refused before, whether he had been in any accidents in the past three years, or whether he had been convicted or forfeited bail for a traffic violation in the past three years. It was undisputed that Gonacha had been refused insurance and involved in two accidents within the time in question. However, Gonacha said the application was not attached to the policy and, therefore, did not apply because a clause in the policy said it embodied all agreements existing between insured and insurer.

The trial court directed a verdict for Gonacha and Safeco appealed.

The supreme court said Gonacha's representations were false and material to the risk, and Safeco relied upon them to enter into its contract. Representations, as distinguished from warranties, need not be attached to the contract in order for the insurer to rely on them, it was pointed out.

To the argument that the policy had been accepted as proof of financial responsibility, the court noted that this applies to the driver having had prior accidents who has manifested financial irresponsibility and submits his policy to the commissioner as proof of future responsibility. The court said this has been construed to apply only to "mandatory" policies as distinguished from "voluntary" policies. In the case of Gonacha, the policy was not issued as a consequence of his previous accident record and was not approved by the commissioner. Since Colorado has no compulsory auto insurance law, the policy was "voluntary."

St. Paul Economy Auto Plan In Rapid Gains

St. Paul F.&M. reports that in 1960 to date premiums on Easy Auto—the company's economy auto policy—have already exceeded the 1959 total. An increase of 400% for this year is predicted. The program was started 19 months ago.

About 70% of Easy Auto applications represent new business for the company. More than 2,000 agents are now selling the policy. Ohio is producing the most premiums, with New Jersey, Kansas and Tennessee next in order.

In the urban areas of the 42 states where Easy Auto is being sold, the company's agents report continuing success in meeting the stiff competition from companies selling auto at a discount. More and more agents are signing up for the plan in order to get back into the mass auto market.

Easy Auto has undergone considerable change since its introduction. Most of the forms have been revised to incorporate suggestions from agents and field men.

Expanded Staff

The home office unit which handles this business originally had a staff of one. Now, six persons are required to underwrite new applications. Six coders, three file clerks, a claim girl, mail clerk and office machine operator round out the unit.

Easy Auto has also had an effect on other home office departments. Two keypunch operators spend full time on data in connection with the program. Two members of the cashier's department handle Easy Auto transactions, and several methods and procedures programmers spend considerable time on the program's application to the company's 705.

The company has recently added Easy Auto to its umbrella plan to give agents a more competitive package. A special policy form has been designed to fit into the over-all loose leaf folder. However, Easy Auto remains outside of budgaplan—the company's premium financing program.

Charleston Unit Sponsors W. Va. Homeowners Clinics

Charleston (W. Va.) Casualty & Surety Assn. sponsored a series of 1959 homeowners clinics for agents at Beckley, Logan, Huntington, Clarksburg and Charleston.

Speakers for the clinics were H. Eugene McShane and Allen O. Sellars, state agents of Aetna Fire; William A. Boag, casualty manager, and Richard E. Kuhn, fire manager of Travelers, and Joseph Q. Andrews, special agent, David L. Hale, fire underwriter, and William L. Pyle, Charleston office manager, all of U.S.F.&G.

Hunter Joins A.&A.

J. R. Hunter, who for 10 years has operated his own average adjusting firm in New York, has joined Alexander & Alexander there. Mr. Hunter started in marine insurance in 191- with Fireman's Fund. Later he was in average adjusting in New York, New Orleans and Chicago before forming his own firm.

Witmeyer To Speak

Donald M. Witmeyer, vice-president Great American, will be the speaker at the annual alumni dinner of the school of Insurance Society of New York at the Drug & Chemical Club June 14. He will discuss sales prospects in the next decade.

New officers of Chicago A&H Assn. elected at May meeting are, from left: Charles K. Coleman, Combined, vice-president; Norman K. DeYoung, DeYoung & Associates, secretary-treasurer; Stanley Greenspun, Massachusetts Casualty, president; Daniel X. Marlowe, Provident L.&A., outgoing president; and Vernon Gerhardt, Modern L.&A., vice-president. Not pictured is Martin R. Haueisen, Washington National, vice-president.

Bureau Auto Plans Are Filed In Fla.

National Bureau and National Automobile Underwriters Assn. have filed their special policy and safe driver plan in Florida. Commissioner Larson has called a public hearing on the filing June 16.

The proposed Florida program is similar to that recently approved in Connecticut, Maryland and the District of Columbia.

M&C, Hospital Liability Rates Changed In Several States By Mutual Bureau

Mutual Insurance Rating Bureau has revised manufacturers and contractors BI and PDL rates, effective June 1 in three states. Rates for BI are increased 12% in Illinois, reduced 11% in Iowa, and are unchanged in Oklahoma. The PDL change in the three states is part of a countrywide revision which results in an increase of 8.9%.

Hospital professional liability rates are revised in 13 states by introduction of a single schedule of rates for all hospitals which are immune from liability, regardless of the state in which the hospital is located and regardless of whether the hospital is run for profit.

Award To Hartford Fire Elementary School Film

Hartford Fire's sound slide film, The Fable of Freddy Fire, was voted an award of merit by National Committee on Films for Safety. Some 3,000 prints of the film are in use in elementary schools. It features what is considered a new film technique, combining photographs and cartoons to illustrate household fire hazards.

The film was selected for exhibit at the American Film Festival, and was on programs of national fire prevention organizations, including the Fire Department Instructors' Conference at Memphis.

Set N. C. Hearing On UM

A public hearing will be held June 28 on the filing of North Carolina Automobile Rate Administrative Office for an uninsured motorist endorsement on the auto liability policy. A $3 premium is proposed for the endorsement on the basic $5/10/20 limits.

Bandy Opens Nashville Agency

Joseph H. Bandy Jr. has opened Bandy Insurance agency at 4012 Hillsboro Road, Nashville. He was formerly in the sales department of Stokes, Bandy & Curtis agency there.

Taylor Gives Tips To Aetna Casualty Grads

Franklin S. Taylor, New Haven agent, advised graduates of Aetna Casualty's sales course not to spread their business too thin by representing too many companies. His agency, he pointed out, had written through Aetna Casualty for 45 years, and now writes with only one other company.

Franklin S. Taylor

Another tip by Mr. Taylor was for the agent to offer the most comprehensive coverage first and reduce it if necessary, rather than offer limited coverage first and then try to expand it. Higher sales always result from offering the most comprehensive coverage, he asserted.

First in the class was Marvin E. Harris of Montgomery, Ala. Other blue ribbons for high scholastic standing went to Richard L. Boothroyd of Ithaca, N. Y., Jerome Kasoof of New York, and E. Barry Weetman of Washington, D. C. Gold ribbons for demonstrating outstanding soliciting techniques were won by Sheldon D. Miller of Mansfield, O., Ned J. Carlisle of Baperton, O. and Mr. Myers.

Norfolk & Dedham Elects

Norfolk & Dedham Mutual Fire has elected several new officers—John H. Birchall, southeastern regional manager at Atlanta; Stuart E. Freeman, northeastern regional manager at the home office, Dedham, Mass.; Eugene S. Ross, southwestern regional manager at Fort Worth, and Burton P. Noyes, director of public relations at the home office.

Messrs. Birchall and Ross have been serving the company as managers of their respective territories. Mr. Freeman has been executive field assistant and Mr. Noyes executive assistant at the home office.

Stuyvesant Enters Surety Field

Stuyvesant has entered the surety field and is offering a complete court and fiduciary bond service. Vice-president Ernest F. Gale will be bond coordinator, and Vice-president Harvey R. Rubenstein will be in charge of sales, servicing and underwriting.

Emery Hutchison has joined Allstate as associate editor of the company's Home & Highway magazine. He has been reporter, feature writer and columnist for the Chicago Daily News for 23 years.

Auto Is More Complex, Competitive

By KENNETH O. FORCE

The automobile insurance business is in as merry and mixed-up a state as it has ever been.

Since 1957 it has passed from the comparatively simple and readily understandable atmosphere of gloom, in which it was generally agreed something had to be done, to a confusing, complex world in which a great many companies are doing so many things that it is impossible to keep track of them.

Underwriting experience has tended to improve a little during the past year. However, competitive maneuvers have stepped up and are applying more pressure on the premium dollar. This squeeze will increase as large and highly competitive insurers maneuver to get the market preference. As preferred and even average business comes under competition from bureau agency companies for what is in effect the first time, the acquisition costs of exclusive agency insurers will rise in relation to the premium dollar.

Price Less Effective?

Insurers that have concentrated their sales appeal on price may find that presentation less effective. However, there is some indication that the recognition of driver superiority with rate percentage discount appeals to pride as well as pocketbook. So, as the price gets closer to the same figure, appeals other than price will be developed. Some already have been, and by insurers that have always featured price.

Yet price as a marketing lever undoubtedly will continue to be used by those insurers that finance the automobile and can offer one package of finance and insurance (BI, PDL, and PHD) with the price differential on the whole stated as one for advertising purposes. It is possible that with the auto premium under so many pressures more insurers will get into the financing of automobile purchases.

Competitively, the cross-fire is getting so hot that innocent by-standers are liable to get shot. This is particularly true of the company that has solved the automobile underwriting problem but that more and more is being pressed to take automobile in order to get other business. This is exerting a strong influence toward amalgamation and merger.

Only Line With Leverage

As the automobile business has grown more difficult to handle in recent years, in underwriting and marketing, it has become more and more important for the insurer to offer automobile facilities. It is the only line today in the personal field with any selling leverage. In the foreseeable future, how can companies grow, or perhaps even survive, if they specialize only in what every other company wants—dwelling, for example?

As the long time difference in marketing methods disappear, the more fundamental difference in quality and strength of individual company management will become more evident. Agents that tie up with the strongest managements will have the most successful future. Conversely, the most competitive managements are examining their agency representation and are selecting the most effective 20% or so for participation in aggressive marketing programs. At the same time several agency insurers are putting young men into the business wherever there is market opportunity, mostly the newer, brighter suburbs surrounding metropolitan areas. This is, of course, what the more competitive exclusive agency companies have been doing all along.

* * *

The experience with special auto plans indicates that when vigorously promoted they will attract preferred class 1 business from other specialty plans including the ones sold by one-company agents.

But there is no indication yet that this attraction is operating in a rapid, wholesale way. Underwriters, while pleased with the selection of business, are disappointed at the volume. How many insured can new plans take away from old plans, even assuming (which is not the case) that the old plans stand pat on rates, discounts, and classifications? In other words, how many insured are switchable?

For it is still a question whether those attracted by new special plans that give a thumping discount will not again be attracted to another insurer (or back to their former insurers) with newer special plans that offer a thumpinger discount. If most or many of these risks are price shoppers who will move quickly for another price differential, the insurer that has them for a short time will not have them long enough to pay for the promotional effort. Expense will rise as the movement of risks from insurer to insurer becomes more rapid and their stay becomes shorter.

Perhaps non-cancellability can be sold widely enough to act as a brake to this movement of customers?

In any event, the competition ahead looks like a long campaign, not a short battle. The companies with sinew, with fast and sure footwork, with energy and purpose, will last. Others will drop out, some will be knocked out. At a time when it has become almost imperative for an insurer to offer automobile facilities in order to compete for other business, it is becoming more and more difficult to do so.

Perhaps the most curious fact that has turned up in the figures developed by the bureau insurers in the field of special plans is that 15% of the risks they have developed are automobiles not previously insured. At this late date, the figure seems very high. But beyond that, is it logical to suppose that price brought these owners into the insured category when there has been a lot of price merchandising in this field for several years and enough for many years to reach the attention of practically everyone?

Is it possible that recent plans, by strongly emphasizing the preferred character of the risk they seek, have appealed as much to pride as to pocketbook? People make many purchases

(CONTINUED ON NEXT PAGE)

Auto Premiums Gain $500 Million In 1959

Automobile insurance earned premiums in 1959, increasing $500 million over 1958, neared the $6 billion mark, amounting to $5,818,836,524. Losses incurred of $3,314,569,379 gained at a lesser pace, and the loss ratio improved from 58.5 in 1958 to 56.9 last year.

The 1959 premium increase was a record, the first time insurers have put on a half-billion dollars in additional business. A gain in premiums in excess of the growth of car population can be attributed largely to a more realistic rate level in more territories.

Mutual companies continued in 1959 to record a faster rate of gain than stock companies (11.8% to 8.3%), and thus the mutuals are writing a slightly larger share of the total auto market—28.3% in 1959 compared with 27.8% in 1959. Reciprocals and Lloyd's also had an increase in their participation, going from 6.5% in 1958 to 6.9% in 1959. Ten years ago, in 1949, the stock companies wrote 72.1% of all auto insurance, and 20 years ago they were doing nearly 75% of the business.

At the same time, the volume of auto insurance has grown so tremendously that any company doing just a reasonable job should show a remarkable gain in this department. In 1949, auto premiums were $2.4 billion, less than half of last year's and in 1939 premiums amounted to just $644 million.

20 Companies Write 41.8%

The 20 leading individual writers of auto insurance in 1959 had total premiums of $2,428,065,804, and that is worth 41.8% of all auto business written. Last year the leaders accounted for 40.9% of the business. State Farm and Allstate, with $787,550,222 in earned premiums, did 13.5% of all the auto business, up from 12.8% in 1958 and 11.8% in 1957. State Farm was the #1 auto insurer in the world for the 18th year in a row in 1959.

In the top 20 companies, gains in rank were made by Hartford Accident, Fidelity & Casualty, Government Employees, Motors and Fireman's Fund, the last three moving into this grouping by displacing American, Hardware Mutual Casualty and General Accident.

Of the $5.8 billion of auto premiums earned in 1959, $2,623,030 was contributed by BI premiums, $1,181,031 by PDL, and $2,013,781 by PHD. Leading writers by coverages were:

BI

1. Allstate	194,330,000
2. State Farm	183,855,000
3. Hartford Accident	87,006,000
4. Aetna Casualty	76,814,000
5. Travelers Indemnity	69,770,000

PDL

1. State Farm	78,113,000
2. Allstate	77,071,000
3. Travelers Indemnity	55,940,000
4. Hartford Accident	37,949,000
5. Nationwide Mutual	34,100,000

PHD

1. State Farm	157,770,000
2. General Exchange	112,156,000
3. Allstate	96,408,000
4. Travelers Indemnity	61,121,000
5. Motors	49,621,000

20 Leading Auto Insurers Of 1959

1958 Rank	1959 Rank	1959 Prems. $	1958 Prems. $	1949 Prems. $
1.	1. State Farm	419,740,013	369,825,790	86,098,324
2.	2. Allstate	367,810,209	297,810,658	40,904,962
3.	3. Travelers Indemnity	186,833,290	164,213,168	10,669,119
4.	4. Aetna Casualty	146,644,598	131,856,326	37,935,708
5.	5. Nationwide Mutual	140,956,126	123,208,633	39,797,174
8.	6. Hartford Accident	124,955,869	108,263,270	53,992,768
7.	7. Farmers Exchange	120,125,349	109,584,824	45,167,120
6.	8. General Exchange	112,156,409	122,914,619	79,005,737
9.	9. U. S. F. & G.	111,721,357	103,993,229	41,091,065
10.	10. Liberty Mutual	106,245,294	91,269,138	36,587,618
13.	11. Fidelity & Casualty	77,220,276	71,090,986	32,384,579
12.	12. Lumbermens Mutual Cas.	76,238,352	72,065,868	48,436,904
11.	13. Travelers	66,186,681	78,734,180	39,197,409
14.	14. Indem. of North America	62,464,258	60,111,189	16,900,248
15.	15. Maryland Casualty	59,636,058	53,339,403	24,070,230
16.	16. Continental Casualty	51,673,661	46,012,475	16,541,232
—	17. Govt. Employees, D. C.	50,615,050	40,071,899	6,614,969
—	18. Motors	49,621,886	34,937,321	25,578,462
—	19. Fireman's Fund	49,046,453	34,904,002	11,914,024
18.	20. Ohio Casualty	48,174,615	44,352,672	22,277,256

Aggregates Of Auto Insurance Premiums And Losses In 1959

	1959 Premiums Earned $	1959 % of Total	1959 Increase in Prems. $	1959 Losses Incurred $	1959 Loss Ratio %	1958 Premiums Earned $	1958 % of Total	1958 Loss Ratio %	1957 Premiums Earned $	1957 % of Total	1957 Loss Ratio %	1949 Premiums Written $	1949 % of Total	1949 Loss Ratio %	1939 Premiums Written $	1939 % of Total	1939 Loss Ratio %
Stock companies	3,779,818,460	64.8	290,170,580	2,146,743,109	57.0	3,489,647,880	65.7	58.9	3,273,612,747	66.7	63.0	1,777,475,977	72.1	37.3	460,572,422	74.7	43.8
Mutuals	1,647,273,914	28.3	173,867,141	951,719,515	57.7	1,473,406,773	27.8	58.1	1,315,020,307	26.8	59.1	531,189,284	21.5	38.5	127,886,082	19.8	39.1
Reciprocals and Lloyd's	391,744,150	6.9	45,840,196	216,106,755	55.3	345,903,954	6.5	56.8	318,186,628	6.5	60.4	157,895,442	6.4	37.2	35,854,496	5.5	41.8
Totals	5,818,836,524	100.0	509,877,917	3,314,569,379	56.9	5,308,958,607	100.0	58.5	4,906,819,682	100.0	61.8	2,468,560,703	100.0	37.6	644,313,000	100.0	41.5

because of pride. Why not this one? The emphasis in the merit rating-safe driver-preferred risk promotion is on the differences that reflect favorably on the risk. Many drivers take pride in an unblemished driver's license. Can it be that pride and prestige mean as much as money, or more, even on a product like automobile insurance that doesn't "show?"

* * *

What merit plans have proved:

1. That agency companies can get prices into the highly effective range of those of competitors and acquire truly preferred business—or take it away from the agency insurers.

2. That sound information is the key to success in underwriting. Insurers now are watching merit rating plans that require signed applications by insured operate side by side with regular plans in which the insurer relies on the agent for information it gets. The contrast in quality of business is astonishing. If the standards of accidents and traffic violations are not strictly enforced with surcharges, the plan collapses. Every exception for checking gives the driver a chance to distort the information—in one case a driver got a 10% credit when, on investigation, it was demonstrated that he was entitled to a 175% surcharge. Those distortions, according to underwriters, show up very quickly in the experience.

Another company that began to push for premiums a year ago found its first quarter results in 1960 on automobile so bad a top level conference was called. Analysis showed that much of the business had been cancelled or rejected by other insurers because of accidents and the type of accidents that pointed to irresponsibility of insured. But wasn't the company getting credit reports? Yes, but after the business was written and on the books, too late to back up without making agent and insured angry.

3. That individual driver performance and responsibility is responsible for nine-tenths of the traffic accident problem.

4. That the business is really insuring the driver, not the automobile. Actually, long before the safe driver discounts the business was in effect insuring the driver. The merit plans only made it more evident than a general underwriting policy of writing preferred insured at a reduced rate and making the selection at the underwriter's desk.

* * *

What merit plans have not yet proved:

1. That there is enough volume to justify superselectivity on the ground of expense or growth. However, only a few insurers have made much of a matter of the plan. Less than half a dozen have introduced them to their agents with vigor, energy, imagination, and persistence. They are getting the bulk of the business generated so far by the plans. Perhaps they can get enough to make the plans pay in way of volume.

2. That the merit rating plans with discounts, plus the long-operating specialty plans and exclusive agent type of underwriting and marketing, won't drive the automobile business out the back door, into the assigned risk plans, and eventually into state funds. This is considered to be the most serious aspect of the current drive in the preferred risk field. The one thing that would offset the problem—and perhaps even reduce it to manageable

(CONTINUED ON PAGE 40)

24 Leading Groups In Auto Premiums

The accompanying table lists the 24 leading groups of insurers from the standpoint of auto insurance premiums. At the left of the group name is the rank in 1959, and to the right the rank in 1958.

	1959 Prems. $	1958 Prems. $
1. STATE FARM 1.		
State Farm Mutual Auto	419,740,013	369,825,790
State Farm Fire & Cas.	....	....
Total	419,740,013	369,825,790
2. ALLSTATE 2.		
Allstate	367,810,209	297,810,658
Allstate Fire	6,261,724	26,112,675
Total	374,071,933	323,923,333
3. TRAVELERS 3.		
Travelers	66,186,681	78,734,180
Travelers Indem.	186,833,290	164,213,168
Charter Oak Fire	....	....
Total	253,019,971	242,947,348
4. AMERICA FORE LOYALTY 4.		
Continental	28,300,475	14,826,393
Fidelity-Phenix	47,971	12,719,329
Niagara	3,007,893	3,065,348
Fidelity & Casualty	77,220,276	71,090,986
Firemen's	47,146,639	33,993,397
National-Ben Franklin	3,626,665	3,399,340
Milwaukee	10,879,993	10,198,019
Metropolitan Casualty	....	10,198,019
Commercial	10,879,993	10,198,019
Yorkshire	3,195,026	3,792,761
Seaboard F.&M.	317,818	365,563
Total	184,622,746	173,847,174
5. HARTFORD FIRE 6.		
Hartford Fire	43,812,340	38,589,341
Hartford Accident	124,955,869	108,263,270
New York Underwriters	1,859,410	1,659,757
Citizens	464,852	414,939
Twin City Fire	348,639	311,204
Total	171,441,110	149,238,511
6. GENERAL MOTORS 5.		
General Exchange	112,156,409	122,914,619
Motors	49,621,886	34,937,321
Total	161,778,295	157,851,940
7. NATIONWIDE MUTUAL 9.		
Nationwide Mutual	140,956,126	123,208,633
Nationwide Mutual Fire	9,818,075	8,320,700
Nationwide General	956,618	29,156
Total	151,730,819	131,558,489
8. FARMERS OF LOS ANGELES 7.		
Fire Exchange	....	....
Farmers Exchange	120,125,349	109,584,824
Truck Exchange	26,783,719	24,667,381
Mid-Century	....	....
Total	146,909,068	134,252,205
9. AETNA LIFE COMPANIES 8.		
Aetna Casualty	146,644,598	131,856,326
Standard, Conn.	....	....
Total	146,644,598	131,856,326
10. LIBERTY MUTUAL 10.		
Liberty Mutual	106,245,294	91,269,138
Liberty Mutual Fire	11,796,036	10,209,458
Total	118,041,330	101,478,596
11. KEMPER COMPANIES 11.		
Lumbermens Mutual Cas.	76,238,352	72,065,868
American Motorists	27,998,394	25,486,841
Amer. Manufacturers Mut.	2,384,278	1,575,215
Amer. Farmers Mutual	....	....
Federal Mutual	1,761,720	1,516,727
Total	108,382,744	100,644,651
12. ROYAL-GLOBE 12.		
Royal	10,099,115	10,145,287
Queen	13,105,722	13,165,641
Newark	5,165,195	5,188,810
American & Foreign	4,008,808	4,027,136
British & Foreign	2,544,051	2,555,682
L.&L.&G.	8,788,542	8,828,723
Star	....	2,211,946
Thames & Mersey	1,541,850	1,548,899
Virginia F.&M.	....	776,121
Globe Indemnity	17,885,456	14,979,158
Royal Indemnity	13,953,740	14,017,534
Total	77,092,479	77,444,937
13. AMERICAN 13.		
American	43,174,846	45,036,473
American Auto	23,026,584	24,019,543
Associated Indemnity	5,788,237	6,004,863
Total	71,989,667	75,060,879
14. THE FUND 16.		
Fireman's Fund	49,046,453	34,904,002
Fireman's Fund Indem.	....	7,823,310
Home F.&M.	8,980,336	7,823,310
National Surety	11,052,720	9,628,689
Total	69,079,509	60,179,311
15. GENERAL AMERICA 17.		
General, Seattle	32,550,943	31,994,784
First National	167,337	222,947
Safeco	34,679,272	26,900,358
Total	67,397,552	59,118,089
16. GENERAL ACCIDENT 15.		
General Accident	41,330,730	40,934,488
Potomac	19,332,115	16,004,422
Pennsylvania General	5,999,620	4,616,659
Total	66,662,465	61,555,569
17. NORTH AMERICA 14.		
Ins. Co. of North Amer.	2,021,943	1,915,009
Indemnity of No. Amer.	62,464,258	60,111,189
Total	64,486,201	62,026,198
18. EMPLOYERS 18.		
Employers Liability	34,359,863	31,315,822
Employers Fire	5,889,534	5,067,445
American Employers	19,014,804	17,328,810
Halifax	629,649	490,508
Total	59,893,850	54,202,585
19. CONTINENTAL-NATIONAL 19.		
Continental Casualty	51,673,661	46,012,47[illegible]
Transportation	....	....
National Fire	3,257,192	3,853,22[illegible]
Transcontinental	574,798	159,37[illegible]
Total	55,505,651	50,025,07[illegible]
20. OHIO CASUALTY 20.		
Ohio Casualty	48,174,615	44,352,67[illegible]
Ohio	747,916	726,07[illegible]
West American	3,431,104	1,389,87[illegible]
Total	52,353,635	46,468,61[illegible]
21. ST. PAUL 21.		
St. Paul F.&M.	42,200,133	40,398,62[illegible]
St. Paul Mercury	5,022,237	5,771,23[illegible]
Total	47,222,370	46,169,85[illegible]
22. HOME 23.		
Home	31,111,799	18,334,49[illegible]
Home Indemnity	15,257,544	25,883,16[illegible]
Total	46,369,343	44,217,65[illegible]
23. HARDWARE MUTUALS 24.		
Hardware Mut. Cas.	44,971,599	41,745,45[illegible]
Hard. Dlrs. Mut. Fire	1,172,538	1,299,62[illegible]
Total	46,144,137	43,045,07[illegible]
24. GREAT AMERICAN 22.		
Great American	41,574,638	15,491,59[illegible]
Great Amer. Indem.	....	25,632,1[illegible]
Rochester Amer.	....	968,2[illegible]
Detroit F.&M.	....	968,2[illegible]
Amer. National	1,285,813	968,2[illegible]
Mass. F.&M.	....	968,2[illegible]
Total	42,860,451	44,996,5[illegible]

Debate Wider Use Of Automobile Deductibles As Rates Increase

By GEORGE H. MENEFEE
Baton Rouge, La.

With continued demand from the companies for rate increases for automobile liability and physical damage, and constant resistance to increases from the public and many insurance officials, both companies and buyers are giving consideration to increased use of deductibles.

Various companies and insurance departments debate the wisdom of deductibles on windshields either on a mandatory or optional basis. When deductibles have been used, they seem to have had a salutary effect on comprehensive losses, although the reduction in premium available seems inadequate for the amount of loss assumed. Some state officials and company executives have been reluctant to put the deductibles on a mandatory basis.

Although most insurance people look upon BI deductibles with disfavor, in spite of successful solution to the problem in other countries, there is beginning to awaken a feeling that PDL deductibles should be available to private passenger cars in the same manner that they are for commercial units. Company people with whom the idea has been discussed express no particular feeling on the subject except an occasional reference to the fact that premiums on private passenger cars are so low that deductibles on PDL would have no appeal to insured because of the small savings available.

Inquiries addressed to companies on the subject of automobile collision deductibles invariably brings forth the comment that, subject to the usual underwriting requirements, the company is prepared to write collision coverage with any amount of deductible insured might desire. The feeling seems to prevail that premium reduction for increase in amounts of deductibles are fair to both insured and the company.

Less Than Universal

This feeling of amicability on the part of the companies is something less than universal among agents. They, of course, are faced with an entirely different situation. Many seem to feel the smaller the deductible the fewer the problems. Faced with declining income, the trend toward reduced commissions and severe competition from non-agency companies, there seems to be a tendency on the part of some, at least, to take the order and leave before insured changes his mind. Certainly, there is a belief on the part of some agents that the handling of a loss is made more difficult when a deductible is involved. This is obviously true where the purpose of the deductible is inadequately explained at the inception of the policy.

Individual buyers of insurance have seldom been confronted with the opportunity to compare the losses assumed under the various amounts of deductible with the premium savings involved. Several hundred individuals in various economic circumstances have stated that they selected the collision deductible on their present policy either because, "It is what I had on my last policy," or, 'It is what my agent suggested." Where insured has selected the amount of deductible on the basis of personal evaluation, it has all too frequently been the 80/20 collision which was chosen because insured thought that greater loss payments by the insurance companies meant greater value for his premium dollar. Actually, on the basis of premium differentials and average losses, the typical automobile driver in Louisiana would secure the most value for his premium dollar with $150 deductible.

Ability To Pay Considered

In recommending a specific amount of deductible, i.e. $150, consideration has to be given by insured to his ability to pay that portion of any loss. However, anyone who could afford to absorb a $50 loss on a $1,000 automobile 12 years ago, can probably afford to absorb $150 loss on a $3,000 automobile today. Finance companies undoubtedly will present a problem in some areas to increasing the size of deductibles, but those consulted in this area are willing to accept a $100 deductible on their customers' policies. Companies which lease automobiles on an annual basis seem somewhat more rigid in their requirements and tend to insist on the $50 deductible.

Continued inflationary trends and demands for higher rates on the part of the companies and the rating bureaus are making the average driver more dollar conscious and more willing to assume a greater portion of the loss himself. Increases in annual wages and salaries make him more capable of absorbing a larger deductible, and continued education in insurance mat-

(CONTINUED ON PAGE 41)

Stock Companies Have $290 Million Premium Gain; Loss Ratio Improves

An 8.3% gain in automobile earned premiums of stock insurers in 1959 brought the total for the 507 companies in this grouping to $3,779,818,460. Incurred losses were $2,146,743,109, and the loss ratio improved from 58.5 in 1958 to 57.0 last year.

Despite the premium increase of $290,170,580, the stock companies did not show the same rate of progress as the mutuals, and consequently their share of the total auto insurance market declined from 65.7% in 1958 to 64.8% in 1959. In 1949 they wrote 72.1% of all the auto business, but at that time their premiums were $1,777,475,977. The gain in 10 years is $2 billion (111%), and that takes considerable doing with or without competition.

The same companies comprise the 10 leaders of the stock companies, although there are a couple of changes in position. The leaders wrote $1,310,152,942, or 34.7% of the stock company business. All of the first 10 among the stock companies rank in the top 20 auto insurers in the U.S.

BI premiums accounted for $1,686,071,000 of the total stock writings; PDL made up $753,532,000, and PHD $1,339,587,000.

Allstate, with a 23% increase in premiums, continues as the first stock company. Allstate's gain was $70 million, of which a share came from a rearrangement of its reinsurance program with Allstate Fire.

Allstate does 9.7% of all the business of stock companies, 6.3% of all the auto business in the U.S. It has multiplied its volume 126 times since 1939 and continues each year to record gains far ahead of the rest of the industry. Its 23.5% increase last year, for example, is the largest in the top ten, and comes on the largest base.

Travelers Indemnity remains in second place among the stock companies with premiums of $186.8 million, a $22 million gain over 1958. Travelers Indemnity and Travelers have been doing a little shifting of business in the past two or three years, greatly to the advantage of Travelers Indemnity's ranking as an auto company. Travelers, on the other hand, has dropped from a $100 million plus writer of auto to $66 million last year. It now places eighth among stock companies, down a peg from 1958.

The #3 company is Aetna Casualty, which continued to put impressive new amounts of premiums on the books and now is near the $150 million mark. The gain in 1959 was 11.2%.

Hartford Accident moved up a notch into fourth position, passing General Exchange. Adding $16 million to its auto account, Hartford Accident has gone into sixth place among all companies.

General Exchange reduced its earned premiums $10 million, dropped to fifth and now has a total of $112 million. Most of the difference seems to go into the affiliated Motors, which went from $34 million in 1958 to $49 million last year, good enough to make Motors the 18th largest in the country.

Still in sixth spot is U.S.F.&G., which had a 2.2% premium increase. However, U.S.F.&G. has a $29 million edge on the next company, Fidelity & Casualty, and is not yet seriously challenged. F.&C. went ahead of Travelers by $9 million last year, even though F.&C.'s 1959 premiums of $77 million were not as great as Travelers volume of 1958. But F.&C. showed a gain of 8% while Travelers was off 15%.

Indemnity of North America, which will be merged at the end of 1960 with its parent, Ins. Co. of North America, is ninth of the stock companies. The change will be only in name, because North America did $2 million in auto last year.

Maryland Casualty for the second year in a row increased its premiums 10% or more, but it still occupies 10th place. It is just $3 million behind Indemnity of North America.

Premiums of the leading companies are shown in the accompanying table for 1959 and the two preceding years, and for 10 years ago and 20 years ago. Some of the companies have made remarkable gains from 1939 and a few have done exceptionally well since 1949.

TOP TEN STOCK COMPANIES

	1959 Prems. $	1958 Prems. $	% of Incr.	1957 Prems. $	1949 Prems. $	1939 Prems. $
1. Allstate	367,810,209	297,810,658	23.5	264,364,930	40,904,962	2,905,868
2. Travelers Indem.	186,833,290	164,213,168	13.8	111,935,858	10,669,119	6,424,670
3. Aetna Casualty	146,644,598	131,856,326	11.2	113,885,704	37,935,708	12,109,717
4. Hartford Accident	124,955,869	108,263,270	15.4	95,848,122	53,992,768	12,885,517
5. General Exchange	112,156,409	122,914,619	— 8.8	127,944,069	79,005,737	26,540,914
6. U.S.F.&G.	106,245,294	103,993,229	2.2	95,525,330	41,091,065	8,560,538
7. Fidelity & Casualty	77,220,276	71,090,986	8.6	61,699,191	32,384,579	6,822,965
8. Travelers	66,186,681	78,734,180	—15.9	101,800,033	39,197,409	14,093,958
9. Indem. of No. Amer.	62,464,258	60,111,189	3.9	38,612,966	16,900,248	4,344,245
10. Maryland Cas.	59,636,058	53,339,403	11.8	48,698,550	24,070,230	7,104,199

1959 Auto Experience Of Stock Insurers Is Detailed By Company

	1959 Total Earned Prems. $	Total Incurred Losses $	Loss Ratio %	Incr. or Decr. in Prems. $	BI Earned Prems. $ (000 Omitted)	PDL Earned Prems. $ (000 Omitted)	PHD Earned Prems. $ (000 Omitted)
Accident & Casualty	7,986,149	4,526,119	56.7	505,800	3,913	1,984	2,088
Aetna Casualty	146,644,598	85,379,459	58.4	14,788,272	76,814	32,759	37,070
Aetna Fire	33,803,109	21,339,293	63.0	10,311,542	16,662	6,745	10,395
Agricultural	4,558,063	2,570,670	56.5	826,111	1,181	463	2,913
Albany	495,154	370,557	74.7	76,034	58	25	411
Alliance, England	1,948,169	1,083,162	55.7	57,421	826	274	846
Allstate Fire	6,261,724	2,544,609	40.6	—19,850,951	—	—	6,261
Allstate	367,810,209	191,215,224	52.0	69,999,551	194,330	77,071	96,408
Alpina	92,906	52,875	56.7	28,906	—	—	92
Amco	8,013	1,989	24.7	—	2	1	3
American & Foreign	4,008,808	2,344,722	55.9	—18,328	2,158	926	924
American Auto	23,026,584	11,952,855	51.7	—992,869	10,294	4,800	7,931
American Bankers, Fla.	6,791,169	3,181,451	46.8	1,008,633	—	—	6,791
American Casualty	15,528,626	8,800,791	56.7	983,499	7,609	3,859	4,060
American Central	2,748,149	1,633,953	59.4	230,803	1,370	585	792
Amer. Colonial, Ark.	253,634	111,723	43.8	190,064	1	—	251
American Employers	19,014,804	11,175,890	58.4	1,685,994	10,113	4,657	4,244
American Equitable	1,318,844	760,720	58.0	—43,958	—	—	1,318
Amer. Fidelity Fire	7,176,039	3,869,145	53.8	329,833	43	14	7,117
American, F.&C., Va.	29,650,042	19,238,635	64.8	930,035	18,639	7,612	3,398
American F.&C., Fla.	4,824,783	2,789,554	57.7	761,546	2,601	1,297	925
Amer. Fire & Indem.	50,667	29,023	57.3	21,742	—	—	50
American General	6,154,737	3,227,521	52.3	1,191,919	2,527	1,349	2,278
American Guarantee	4,257,336	2,227,442	52.2	—518,200	2,241	998	1,017
Amer. Guaranty, N. C.	597,183	347,640	58.1	17,183	—	—	597
American Home	6,257,011	3,774,542	60.3	1,022,457	2,483	1,254	2,519
American Indem.	5,931,074	3,134,440	52.7	580,572	2,591	1,426	1,913
American Indep. Re	1,330,395	734,946	55.1	485,395	542	178	609
American, N. J.	43,174,846	22,411,604	52.0	—1,861,627	19,302	9,001	14,870
Amer. Insurors, Tex.	102,546	59,413	58.2	38,380	32	27	42
American Liberty	721,365	454,422	62.9	190,295	328	178	214
Amer. Marine & Gen.	77,204	40,532	52.1	—27,869	—	—	77
American Motorists	27,998,394	15,254,770	54.5	2,511,553	15,490	6,085	6,422
American Natl. Fire	1,285,813	746,497	58.3	317,588	645	267	371
Amer. Policyholders	4,099,711	2,254,647	54.9	639,547	2,467	1,020	611
American Reinsurance	10,775,238	6,642,332	62.0	2,792,680	7,345	2,585	843
American Reliable	329,706	161,002	48.9	— 13,302	52	19	257
American Security, Ga.	8,288,617	4,635,760	55.9	872,396	—	—	8,288
American Southern	1,684,996	844,637	51.8	324,859	447	269	968
American States	21,611,256	11,035,829	50.8	1,360,181	8,596	5,171	7,843
American Surety	22,875,464	14,029,880	61.4	2,354,610	12,130	5,482	5,262
American Union	372,265	191,374	51.3	18,275	—	—	372
American Univ., R. I.	2,921,092	1,846,872	63.0	420,538	982	450	1,487
Anchor Casualty	5,247,076	2,805,782	53.5	—297,798	2,454	1,223	1,569
Argonaut	1,234,364	865,600	70.3	546,836	620	299	313
Argonaut Unds.	—20,053	—51,736	—	—434,731	—10	—6	—2
Arrow, Minn.	793,454	522,706	65.8	273,528	493	235	64
Arrowhead, Cal.	110,458	39,872	36.2	—201,542	10	3	96
Assoc. Empl., Tex.	996,694	538,968	54.0	845,203	478	235	282
Associated Indemnity	5,788,237	3,018,284	52.0	—216,626	2,573	1,200	2,014
Assurance of America	1,188,562	724,929	61.3	—341,579	133	57	997
Atlantic & Gulf States	96,211	42,228	43.8	—2,703	—	—	96
Atlantic, Texas	1,599,568	732,654	46.0	281,705	584	363	651
Atlantic Natl., Fla.	5,588,893	3,976,966	71.1	991,839	3,356	1,464	768
Atlas	1,485,459	1,114,248	74.9	228,098	174	76	1,234
Audubon, La.	1,550,351	957,513	61.6	313,014	289	158	1,102
Auto Club, O.	1,237,541	660,141	53.6	264,580	480	306	450
Automotive, Cal.	384,775	218,060	56.7	—225	—	—	384
Autoplan, N. Y.	1,059,739	672,290	64.0	—325,982	549	204	305
Balboa, Cal.	2,897,081	1,321,057	45.6	1,599	29	15	2,852
Balfour-Guthrie	525,080	371,080	70.6	296,080	—	—	525
Bankers & Shippers	5,016,141	2,919,830	58.0	540,239	1,201	510	3,303
Bankers F.&M.	845,340	792,710	93.7	—169,660	416	230	198
Bankers, Pa.	387,930	125,868	32.3		—	—	387
Bay State	210,517	98,583	46.9	—7,483	—	—	210
Beacon National	291,499	194,059	66.6	145,825	63	50	177
Birmingham F.&C.	1,238,882	660,844	53.6	272,155	411	273	553
Birmingham Fire, Pa.	1,509,312	821,196	54.7	204,793	681	306	522
Bituminous Casualty	5,195,658	2,813,698	54.1	481,308	2,831	1,487	877
Blue Ridge, N. C.	2,142,315	1,163,135	54.2	43,398	255	149	1,737
Boston	11,164,779	6,357,877	57.2	775,903	5,279	2,234	3,650
Brit. & For. Marine	2,544,051	1,487,996	58.1	—11,631	1,369	587	586
British General	458,024	272,324	59.4	39,024	228	97	132
Buckeye Union Cas.	18,737,994	10,277,082	54.5	1,621,427	7,515	5,463	5,759
Buckeye Union Fire	1,112,092	517,002	46.6	55,373	—	—	1,112
Buffalo	1,451,476	839,785	57.9	338,476	696	254	500
Builders & Bankers	64,593	27,196	42.0	8,620	—	—	64
Cal.-Farm	5,648,054	3,054,208	54.0	313,024	2,361	1,149	2,136
Cal. Comp. & Fire	4,877,929	2,035,189	41.7	1,438,678	2,349	993	1,535
California	1,603,086	953,138	59.5	134,086	799	341	462
Calvert Fire	21,177,343	12,603,691	59.7	—288,161	—	—	21,177
Camden Fire	3,896,846	2,395,784	61.9	809,526	987	484	2,425
Canadian Fire	705,907	323,042	45.7	—16,989	—	—	705
Canadian Indemnity	1,515,923	831,484	55.0	122,443	1,043	472	—
Canal, S. C.	2,342,078	1,307,744	55.6	719,838	1,481	709	151
Capital F. & C.	1,540,082	703,212	45.6	47,038	780	730	29
Capitol Indemnity	1,336,394	763,348	57.4	119,281	494	338	503
Carolina Casualty	5,779,880	3,283,005	56.8	2,058,268	3,063	1,573	1,142
Carolina National	263,729	160,217	60.8	7,729	69	39	153
Cascade	1,922,641	1,108,000	57.5	1,355,728	837	404	680
Casualty of Cal.	853,372	522,279	61.1	345,818	408	191	253
Casualty Unds., Minn.	3,058,167	2,009,343	65.5	301,582	1,449	641	967
Catawba, S. C.	12,955	8,154	62.8	4,955	—	—	12
Cavalier	2,152,360	1,191,970	55.4	1,040,083	—	—	2,152
Centennial	1,803,251	1,082,993	59.9	256,782	1,108	324	369
Central National	11,260,040	5,922,428	52.8	1,620,244	1,336	661	9,261
Central Plains	465,507	273,208	58.7	—28,260	—	—	465
Central Surety	2,673,801	1,382,139	51.7	—44,586	944	440	1,288
Century	680,259	402,866	59.1	—87,741	267	115	296
Cherokee	1,704,449	984,954	57.9	87,608	—	—	1,704
Chesapeake	876,041	541,987	61.8	217,041	—	—	876
Christiania General	330,611	255,184	77.2	—266,389	125	60	144
Cimarron	731,220	290,963	39.6	—15,392	269	144	317
Cincinnati	649,292	357,356	55.0	261,550	199	113	336
Citizens Casualty, N.Y.	2,245,974	1,186,752	52.7	232,612	1,570	556	118
Citizens Home	329,569	241,124	73.2	47,022	81	46	201
Citizens, N. J.	464,852	248,278	53.4	49,852	—	—	464
Civil Service Employees	6,223,428	3,172,073	50.9	1,354,335	2,877	1,358	1,987
Colonial	2,352,020	1,349,677	57.0	304,456	1,150	491	710
Columbia Casualty	3,435,187	2,042,442	59.4	288,503	1,712	732	990
Commercial Cas., Tex.	26,566	—14,008	—	3,924	—	—	26
Commercial, N. J.	10,879,993	6,409,416	59.2	681,974	5,392	2,324	3,163
Commercial, Texas	3,800,940	2,032,802	53.4	1,166,018	—	—	3,800
Commercial Standard	5,488,041	3,095,758	56.3	307,341	2,348	1,331	1,808
Comm. Union, England	5,725,312	3,404,072	59.4	480,837	2,854	1,220	1,650
Commercial Union Fire	1,374,074	816,977	59.3	115,074	685	292	396
Connecticut Fire	4,7[illegible]9,651	3,031,562	63.6	1,049,888	1,976	822	1,970
Connecticut Indemnity	3,531,391	1,937,129	54.6	—350,742	2,152	873	505
Consolidated American	581,043	323,406	55.6	—40,481	57	32	491
Constellation	8,947	8,325	93.0	—4,029	—	—	8
Constitution	491,999	333,467	67.8	—	181	77	232
Continental Casualty	51,673,661	34,747,357	67.2	5,661,186	29,064	13,677	8,931
Continental, N. Y.	28,300,475	14,562,367	51.2	13,474,082	—	—	28,300
Copenhagen Reins.	222,074	123,191	55.3	—63,926	—	—	222
Cornbelt	372,822	168,609	45.1	121,936	163	85	124
Cosmopolitan, Ill.	1,859,439	807,021	43.6	1,456,154	1,216	423	219

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Mutual Insurers Gain 11.8% In Auto As State Farm Passes $400 Million

Automobile insurance premiums of mutual companies in 1959 increased 11.8% over 1958, reaching $1,647,273,-914. This amounts to 28.3% of all auto insurance written in the U.S. The gain of $173,867,141 compares with an increase of $158,386,470 the year before.

The 1959 loss ratio of 57.8 on incurred losses of $951,719,515 marks another year of improvement. In 1958 the loss ratio was 58.1 and in 1957 it was 59.1%.

BI Premiums Lead

Of the total premiums, $773.5 million was in BI, $348.8 million in PDL, and $524.5 in PHD.

More than half, 55.6% to be precise, of the mutual auto insurance business is written by the 10 leading companies in this field, with State Farm Mutual Auto, the world's largest auto insurer, accounting for nearly half of the $914.7 million of the leaders and for 25.4% of all premiums of mutual companies, of which 234 are reported on this year.

There is only one change in the top ten mutual companies, in 10th position, where Employers Mutual Casualty of Des Moines displaced Farmers Mutual Auto of Madison. The rest of the companies occupy the same spots they did in 1958, and for some of them, for the past seven or eight years.

State Farm, of course, continues in first place. Its margin over Nationwide Mutual of $278.7 million is nearly double Nationwide's total auto volume. However, Nationwide Mutual had a 14.3% gain in premiums last year, compared with State Farm's 13.5%. The differences in the bases on which the percentages are figured is so great that Nationwide actually lost ground in dollar amount, just as the third place company, Liberty Mutual, did in relation to Nationwide. Liberty Mutual had a 16.3% increase in premiums and passed the $100 million mark, solidifying its hold on third position in the mutual ranks by moving from a lead of $11 million over the fourth place company to $30 million.

Represents 5.8% Gain

The $76,238,352 of auto premiums earned by Lumbermens Mutual Casualty was a gain of 5.8%. Lumbermens is the last of the mutuals to appear as one of the 20 largest auto writers in the U.S., and its $76 million is worth 12th place among all auto writers.

The $3.2 million increase of Hardware Mutual Casualty was not enough to keep that company in the list of the 20 leaders. In 1958 Hardware Mutual was 19th on that list, now it is 23rd. The displacement is not due so much to Hardware Mutual's lack of gain as the consolidation of stock companies, such as the merger of Fireman's Fund Indemnity with Fireman's Fund, similar activities in Loyalty group, etc. Hardware Mutual is well established in the mutual ranks, being $17 million ahead of the sixth place insurer.

State Auto of Columbus, occupying sixth spot, is getting a good run for that position from Utica Mutual. State Auto had a 4.9% increase in earned premiums in 1959, but Utica Mutual jumped 13.7% and is now less than $1 million behind. Auto-Owners lost a little ground, from just $4,000 back of Utica Mutual to $1 million, and now Auto-Owners is getting a contest from Northwestern Mutual, which increased its writings from $21.9 million in 1958 to $24.3 million in 1959. That is $900,-000 out of eighth place for Northwestern, and only $1.9 million out of seventh.

The largest percentage gain in the top ten belongs to Employers Mutual Casualty of Des Moines, the 10th company, with 18.7. That was worth nearly $4 million on the plus side, enough to move the company ahead of Farmers Mutual Auto.

The largest share of the auto insurance market in the industry's history went to State Farm Mutual in 1959, when the company increased to 11.9% its portion of domestic personal cars insured.

In the new and different competitive climate of last year it added, net, 387,-809 new automobile policyholders, increasing its policies in force by 7.15%, more than double the rate of increase in the U. S. car population (estimated at 3% by the government's Bureau of Public Roads). Earned premiums soared 13.5% to $419,740,013, marking the first time a single casualty company ever reached the $400 million level.

State Farm's margin of leadership over its nearest competitor, Allstate, amounted to $51,929,804 of earned automobile premiums.

Auto policies in force climbed to 5,-809,699, highest in the company's history.

In a year when many auto underwriters were still facing red-ink figures, State Farm made an underwriting gain of $15,916,341, nearly double the 1958 figure. Investment gain was $16,164,447. After taxes and dividends, $23,542,437 was added to surplus.

The company's assets passed the half-billion dollar mark in midyear and at year-end stood at $567,899,140, more than $82 million over the 1958 year-end figure. Policyholders surplus amounted to $156,119,624, while loss and loss expense reserves totaled $216,-052,483. Voluntary reserves were $30 million and unearned premiums $134,-780,048.

Strong 1959 gains were shown by the State Farm Fire & Casualty and State Farm Life, wholly-owned affiliates of State Farm Mutual.

The fire company's direct premiums for 1959 were $33,858,356, up 31.9% over the previous year. After adding $6,680,707 to unearned premiums, the company showed an underwriting gain of $782,264. Net investment gain for the year was $979,887, while surplus was increased by $2,371,770. Biggest single contributor to the company's outstanding year was the homeowners policy. Homeowners business in 1959 increased 165%.

State Farm Life increased sales of paid-for ordinary life insurance 10.9%, winding up the year with $306,592,000. Ordinary insurance in force increased 12% to $1,477,564,666, and early this year ordinary in force passed the billion-and-a-half milestone.

Of particular significance to the life company administration was the installation in 1959 of an RCA 501 electronic data processing system. The magnetic tape system can update all the life company's policies in three hours, 100 times faster than previously.

Other developments were announcement of increased dividends to policyholders, a guaranteed insurability benefit, and reduction in life ratings on many hazardous jobs.

State Farm reached the mid-point in its management decentralization program when the east central (Newark, O.) and southern (Birmingham, Ala.) regional offices were named for conversion to the plan. Four regional offices, southern California at Santa Ana, north central at St. Paul, west central at Lincoln, and northwest at Salem, Ore., converted to the decentralized management plan earlier in the year. Two more offices, the Texas office at Dallas, and southeastern at Jacksonville, Fla., have been slated for mid-1960 conversion.

The 16th regional office, east central at Newark, O., opened in temporary quarters in July and moved into its new building in December.

Other offices were expanded and remodeled to keep pace with rapid-growing company operations.

On the heels of its small car discount plan announced in late fall, State Farm Mutual inaugurated a new rating class plan in California and currently is expanding it to other states.

The new class plan further refines rating definitions according to the driver, the mileage driven, and the use of the vehicle, permitting more equitable rates for drivers.

For the 10th straight year, claims paid by State Farm Mutual reached a new peak, up 11.7% to $224,182,848. Claims people settled a record 2,118,-360 claims, an average of 241 every hour, 8.8% more than during the previous year.

State Farm won four out of five bodily injury lawsuits which it defended for policyholders. During the year, 15,278 BI lawsuits were closed, 19% actually reaching trial. Of the latter, State Farm won 81%. (A suit is considered won if the verdict is for the defendant or if the award to the plaintiff is no larger than the last pretrial offer.) Average cost of BI claims closed was up $36.63 from 1958.

13 New Claim Service Offices

Last year saw the opening of 13 new claim service offices, bringing the total to 560 with 3,616 full time persons in the claim force, including 1,759 field claim representatives. Eighteen classes were graduated from the home office claim school, which had a total enrollment of 421 for the year.

The greatest portion of State Farm advertising was channeled into national magazines again last year with regular schedules in Life, Look, Saturday Evening Post, Reader's Digest and several farm publications. As in the past, State Farm also backed state-by-state promotion of auto, life and fire insurance with cooperative advertising for its agents. The co-op program utilizes most media, with newspapers and outdoor advertising predominating. State Farm agents are encouraged to participate in the highway sign program, and nearly 6,000 signs now mark the approaches to cities and towns across the land.

On television in 1959 the CBS Baseball Game-of-the-Week was co-sponsored by State Farm for the second year. Similar schedules will be followed in 1960 with the addition of State Farm's latest property, the Jack Benny show, which it will share with Lever Brothers. The Benny show, which marks the insurer's first entry into major night time television, is seen regularly by 40% of the nation's televiewers.

The auto company ads continue with the low cost advertising theme. This year, for the first time, the life and fire companies are being advertised in national media.

TEN LEADING MUTUAL COMPANIES

	1959 Earned Prems. $	1958 Earned Prems. $	% of Incr.	1957 Earned Prems. $	1956 Earned Prems. $	1949 Earned Prems. $
1. State Farm Mutual	419,740,013	369,825,790	13.5	318,093,356	263,778,109	86,098,324
2. Nationwide Mutual	140,956,126	123,208,633	14.3	110,301,788	108,032,293	39,797,174
3. Liberty Mutual	106,245,294	91,269,138	16.3	78,318,639	71,247,034	36,587,618
4. Lumbermens Mut. Cas.	76,238,352	72,065,868	5.8	70,088,014	66,505,996	48,436,904
5. Hardware Mut. Cas.	44,971,599	41,745,456	7.7	39,259,622	37,547,432	18,567,422
6. State Auto, Ohio	27,216,837	25,949,890	4.9	24,115,345	22,548,846	12,560,721
7. Utica Mutual	26,284,314	23,121,488	13.7	20,391,811	18,113,481	9,225,523
8. Auto-Owners	25,268,589	23,117,001	9.3	19,588,170	17,873,594	8,945,706
9. Northwestern Mutual	24,399,013	21,994,339	10.9	19,083,331	16,777,081	——
10. Empl. Mut. Cas., Ia.	23,448,110	19,756,227	18.7	16,149,051	14,947,281	8,844,421

Mutual Auto Results By Company

	1959 — Total — Earned Prems. $	Incurred Losses $	Loss Ratio %	Incr. or Decr. in Prems. $	BI Earned Prems. $ (000 Omitted)	PDL Earned Prems. $ (000 Omitted)	PHD Earned Prems. $ (000 Omitted)
Abington Mutual	368,080	174,040	47.3	21,006	——	——	368
Ala. Farm Bur. Mut. Cas.	3,600,279	2,035,459	56.4	—127,274	1,287	1,082	1,230
Alliance Mut. Cas.	4,493,694	2,560,082	57.0	506,235	1,505	920	2,068
Allied Am. Mutual	4,269,757	2,426,044	56.8	—530,118	1,457	550	2,261
Allied Mut., Ia.	9,278,112	5,198,764	56.0	930,829	3,384	2,132	3,761
Amal. Mut. Auto Cas.	1,030,137	494,055	47.9	93,855	836	168	25
Amer. Agricul. Mut.	1,559,203	1,457,562	93.6	—113,797	1,452	106	——
Amer. Farm Mut. Cas.	202,361	136,335	67.2	—23,685	60	50	91
Am. Hard., Minn.	10,711,207	5,467,334	51.0	—798,102	5,470	2,301	2,939
Am. Mfrs. Mut.	2,384,278	1,220,400	51.1	809,063	757	266	1,359
Amer. Mut. Fire, S. C.	1,050,664	669,549	63.5	44,438	278	162	609
American Mut. Liab.	19,261,152	12,328,864	64.0	1,906,564	11,300	4,930	3,029
Apex Mut., Chicago	1,199,625	498,582	41.7	632,290	441	230	527
Atlantic Mut., N. Y.	5,409,752	3,248,978	60.0	830,342	3,325	974	1,108
Atlantic Mut. Fire	46,116	19,682	42.4	—5,725	——	46	——
Attleboro Mut. Fire	95,698	40,060	41.9	698	——	——	95
Auto Mut., R. I.	2,460,919	720,078	29.2	141,118	——	——	2,460

1959 Auto Results Of Mutual Insurers

	1959 — Total Earned Prems. $	Total Incurred Losses $	Loss Ratio %	Incr. or Decr. in Prems. $	BI Earned Prems. $ (000 Omitted)	PDL Earned Prems. $ (000 Omitted)	PHD Earned Prems. $ (000 Omitted)
Auto-Owners, Mich.	25,268,589	14,010,359	55.6	2,151,588	10,422	5,656	9,189
Badger Mut., Wis.	1,510,320	959,875	63.2	2,884	716	306	487
Badger State Cas.	1,337,086	752,491	56.5	56,701	645	278	412
Bankers Mut., Pa.	81,058	20,504	25.3	—	24	24	31
Beacon Mut. Indem.	3,918,183	1,908,737	48.6	—18,613	1,589	1,019	1,308
Bear River Mut., Utah	205,615	80,519	39.2	—	78	37	89
Berkshire Mut. Fire	1,232,304	617,933	50.1	99,561	—	—	1,232
Boston Mfrs. Mut.	288,503	442,095	153.0	—	—	245	42
Burlington Mut. Fire	144,186	72,659	50.5	27,323	—	—	144
Cadillac Mut., Detroit	441,475	229,054	51.8	29,169	152	178	110
Cambridge Mut. Fire	521,292	244,299	46.9	—19,708	—	—	521
Capital Mut., Neb.	634,165	252,683	39.8	93,708	209	151	273
Celina Mutual, O.	7,160,821	4,052,455	56.5	1,060,978	2,942	2,010	2,207
Central Mut. Cas., Mo.	1,799,914	1,074,479	59.8	—27,378	729	370	699
Central Mut., Van Wert	6,728,993	3,520,802	52.2	1,056,239	2,424	1,230	3,073
Chgo. Ice Prod. Mut.	206,219	138,020	67.1	17,449	110	54	41
Citizens Fund, Minn.	111,149	54,988	49.4	19,132	—	—	111
Citizens Mut. Auto	14,565,127	8,806,019	60.5	1,079,282	4,920	3,271	6,373
Colo. Farm Bur. Mut.	1,315,900	823,617	62.7	126,626	386	154	775
Commonwealth Mut., Pa.	765,194	455,853	59.4	—123,079	370	214	179
Consolidated Mut.	490,016	319,093	65.0	227,867	340	106	42
Cook Cty. Farmers, Ill.	371,549	337,488	90.8	48,550	133	72	165
Co-Operative, N. Y.	66,683	35,108	52.6	11,134	—	—	66
Cosmopolitan Mut.	5,545,845	3,080,284	55.5	1,242,688	4,165	1,188	191
Cotton States Mut., Ga.	2,373,445	1,387,866	58.2	829,845	1,235	538	599
Country Mut., Ill.	19,519,453	11,326,865	58.0	2,054,138	5,268	2,579	11,671
Cream City Mut.	125,574	83,359	66.6	104,574	62	22	40
Dairyland Mut., Wis.	4,649,226	2,563,997	55.1	2,182,711	2,544	1,598	505
*Detroit Mut. Auto	1,529,153	811,222	53.4	90,158	429	401	698
Donegal Mutual, Pa.	778,154	397,449	51.0	77,014	307	205	265
Dorchester Mut., Mass.	120,144	61,024	50.8	—4,347	—	—	120
Druggists Mut., Ia.	28,425	11,701	41.2	3,547	—	—	28
Elec. Mut. Liab., Mass.	789,732	432,090	55.0	62,257	497	292	—
Empire Mut., N. Y.	16,268,108	9,580,061	59.1	3,194,867	13,002	2,908	357
Empire Mut., Pa.	433,854	255,531	59.0	142,166	226	136	71
Empl. Mut. Cas., Ia.	23,448,110	13,391,636	56.8	3,691,883	10,251	5,518	7,678
Employers Mut. Fire	4,059,869	2,169,469	53.3	404,936	—	—	4,059
Empl. M. Liab., Wis.	18,940,259	13,370,810	70.4	2,325,184	11,631	5,286	2,022
Equity Mut., Mo.	2,174,501	1,251,163	57.6	154,820	1,223	535	415
Exchange Mut., N. Y.	2,371,688	1,593,111	67.0	569,283	1,725	519	126
Factory Mut. Liab.	21,016,814	9,491,021	45.0	1,627,317	12,548	4,522	3,945
Farmers Bureau, Ida.	1,564,934	922,967	59.1	79,951	461	251	851
Farm Bureau, Ind.	11,949,882	7,677,723	64.5	72,934	4,499	1,912	5,537
Farm Bureau, Mich.	3,489,140	2,415,738	69.4	268,805	1,137	726	1,625
Farm Bureau, Neb.	1,127,973	709,596	63.1	97,750	375	171	581
Farm Bureau Mut., Ia.	11,114,455	6,470,494	58.2	915,475	3,595	1,762	5,756
Farm Bureau Mut., Kan.	7,176,271	4,528,180	63.2	168,381	2,646	886	3,643
Farm Bur. Mut., Mo.	2,385,024	1,543,006	64.7	45,921	950	464	969
Farm Bur. Mut., N. H.	1,469,441	830,617	56.7	195,555	607	350	511
Farm Family Mut.	1,176,357	576,175	49.2	974,484	674	292	209
Fmrs. Alliance, Kansas	56,475	54,340	96.4	—116,985	28	13	14
Farmers Cas., Iowa	2,198,755	1,123,199	51.0	277,830	696	533	968
Fmrs. Elev. Mut., Iowa	557,892	231,549	41.5	1 56,268	152	128	277
Fmrs. M. Auto, Wis.	22,529,616	13,840,996	61.4	1,586,669	9,864	4,331	8,333
Fmrs. Mut. Hail, Ia.	19,936	58,123	291.5	—613,277	2	1	16
Farmers Mut. Re	403,918	214,719	53.0	236,918	116	77	209
Farmers Mut., Wash.	2,368,639	1,533,618	65.0	—788,693	1,075	553	739
Federal Mutual	1,761,720	950,071	53.9	244,993	607	298	855
Fed. Mut. I. & H.	8,929,703	4,913,308	55.2	902,582	3,677	2,257	2,994
Fitchburg Mut., Mass.	331,171	130,575	39.2	—2,118	—	—	331
Frankenmuth, Mich.	3,527,553	2,212,155	62.9	560,589	1,089	735	1,702
Frankford Mut.	89,163	61,887	69.3	—	32	19	37
General Mut., Ala.	248,501	136,690	54.7	99,813	164	38	45
General Mut., N. Y.	2,999,092	1,925,191	64.2	485,047	2,146	729	122
Ga. Farm Bur. Mut.	274,609	165,252	60.3	—	109	76	88
Goodville Mut. Cas.	575,588	274,865	47.6	41,588	332	232	10
Grain Dlrs. Mut., Ind.	4,544,725	2,046,025	45.0	—241,673	1,928	1,048	1,568
Grange Assn., Wash.	2,344,108	1,346,060	57.3	251,780	927	505	910
Grange Mut., N. H.	63,153	44,858	71.0	18,032	—	—	63
Grange Mut., O.	9,916,805	6,580,027	66.4	1,669,323	3,900	1,815	4,200
Grangers Mut., Md.	86,845	48,030	55.9	—33,955	—	—	86
Granite Mut., Vt.	132,921	53,314	40.4	12,444	—	—	132
†Graphic Arts Mut.	438,683	221,925	50.5	134,906	332	83	22
Green Mt. Mut., Vt.	29,284	21,845	74.6	—4,121	—	—	29
**Guarantee Mut., Mass.	181,215	74,606	41.1	—5,543	—	—	181
Guaranty Mut., Colo.	6,312	4,667	73.9	—30,665	—	—	4
Hdwe. Dlrs. Mut. Fire, Wis.	1,172,538	474,905	40.5	—127,083	3	1	1,167
Hardware Mut., N. C.	20,985	5,869	28.0	—2,651	—	—	20
Hard. M. C., Wis.	44,971,599	22,754,792	50.6	3,226,143	23,894	9,956	11,120
Hartford Mut., Md.	692,683	475,440	68.7	261,440	312	162	217
Harleysville, Pa.	4,789,604	2,430,927	50.9	—469,105	—	—	4,789
Harleysville M.C.	16,750,630	10,259,901	61.0	2,018,629	10,412	5,584	753
Heritage Mut.	2,826,878	1,934,845	68.5	399,535	1,330	597	898
Herman Mut., Wis.	2,014,980	1,447,400	71.6	564,986	1,037	363	613
Hingham Mut., Mass.	13,103	6,075	46.4	—11,826	—	—	13
Holyoke, Mass	2,192,174	968,853	44.0	220,104	—	—	2,192
Home Mut. Cas., Pa.	320,618	162,289	50.6	55,465	205	114	—
Home Mut. Fire, N. Y.	96,438	55,295	57.3	11,687	—	—	96
Home Mutual, Wis.	4,823,560	2,789,890	57.6	415,717	2,222	991	1,609
Horace Mann, Ill.	3,514,298	2,038,639	58.6	724,963	1,432	626	1,455
Ideal Mut., N. Y.	1,815,665	1,002,455	55.5	146,600	1,407	408	—
Impl. Dlrs. Mut., N. D.	120,239	112,379	93.5	—354,104	23	12	84
Indiana Fmrs. Mut.	984,881	672,643	68.4	346,424	220	453	310
Ind. Lumbermens	11,848,567	6,442,335	54.5	1,389,455	5,497	2,590	3,759
Inland Mut., W. Va.	1,584,485	751,976	47.6	150,553	810	526	247
Integrity Mut., Wis.	1,105,586	605,728	55.0	—138,540	547	212	345
In'bro M. Ind., N. Y.	2,808,693	1,651,076	58.9	255,848	1,926	642	240
Iowa Hdwre. Mut.	651,028	207,818	31.8	—106,203	254	160	236
Iowa Mutual	5,664,801	3,441,402	60.8	—322,903	2,559	1,435	1,669
Iowa Nat. Mut.	16,317,917	9,064,718	55.5	1,107,287	7,601	3,874	4,841
Jamestown Mut.	4,082,919	2,171,056	53.1	736,250	2,603	1,026	452
Ky. Farm Bur. Mut.	4,038,116	2,595,082	64.3	476,012	1,838	977	1,222
Lawn Mut., Pa.	2,761,787	1,351,559	48 8	938,013	1,303	732	724
Le Mars Mut., Iowa	1,522,822	868,503	57.0	235,377	539	364	619
Liberty Mutual	106,245,294	66,722,892	62.9	14,976,156	61,312	24,537	20,395
Liberty Mut. Fire	11,796,036	7,482,945	63.6	1,586,578	6,805	2,724	2,266
Lincoln Mut. Cas., Mich.	729,833	485,893	66.5	—4,632	285	199	244
Linc. Mut Cas., N. J.	2,032,923	1,304,316	63.0	810,172	1,261	550	221
Lowell Mut. Fire	85,875	34,047	39.6	8,659	—	—	85
Lumb. Mut. Cas.	76,238,352	38,852,283	50.9	4,172,484	43,078	17,586	15,573
Lumber Mut. Fire, Mass.	1,208,847	746,842	62.1	—157,093	553	199	455
Lumb. Mut., Ohio	5,021,321	3,190,243	63.6	753,865	2,158	973	1,889
Lynn Mut Fire	681,628	304,901	44.6	54,790	—	—	681
Madison County, Ill.	1,399,018	1,055,591	75.6	212,830	406	219	772
Mfrs. & Merch., N. H.	316,726	119,743	37.6	1,604	—	—	316
Market Mens, Wis.	3,064,941	1,578,300	51.2	844,747	1,676	523	865
Members Mut., Texas	2,502,003	1,160,314	46.4	425,669	657	484	1,359
Merchants & Bus. Men's	26,915	8,477	31.4	—926	—	—	26
Merch. & Mfrs., O	140,577	65,148	46.4	29,017	—	—	140
Merchants Mut., N. Y.	20,325,364	11,651,485	57.0	1,150,793	13,555	4,678	2,091
Meridian Mut.	10,284,354	5,758,537	56.1	1,273,952	3,974	2,398	3,911
Merrimack	1,359,560	636,792	47.1	—49,117	—	—	1,359
MFA Mutual	16,117,365	10,381,281	64.0	1,631,948	6,244	4,060	5,813
Mich. Millers Mut.	2,827,769	1,461,177	51.8	629,867	1,102	531	1,193
Mich Mut. Auto	2,298,235	1,262,942	55.0	95,025	716	601	979
Mich. Mut. Liab.	18,918,393	10,741,873	56.5	728,198	8,411	4,962	5,543

**Formerly Merch. & Fmrs. Mut. Fire
*Formerly Amer. Fellowship Mut.
†Formerly N. Y. Prtrs. & Bkbrs.

	1959 Total Earned Prems. $	Total Incurred Losses $	Loss Ratio %	Incr. or Decr. in Prems. $	BI Earned Prems. $ (000 Omitted)	PDL Earned Prems. $ (000 Omitted)	PHD Earned Prems. $ (000 Omitted)
Middlesex Mut. Fire	2,590,189	1,158,622	44.4	208,203	—	—	2,590
Midwest Mut.	846,303	416,536	49.2	369,303	172	168	504
Milbank Mut., S. D.	2,913,464	2,188,639	77.5	1,023,597	1,179	571	1,162
Mill Owners, Iowa	1,884,141	1,251,001	66.4	582,141	868	437	578
Millers Mut., Alton	2,878,176	1,587,349	55.0	358,939	1,313	521	1,042
Millers M. Fire, Texas	5,094,131	2,428,778	47.5	740,147	2,095	1,121	1,876
Milwaukee Auto	6,538,844	3,493,016	53.4	661,706	3,387	1,261	1,889
Minn. Mut. F. & C.	1,572,626	840,351	53.5	—45,760	588	341	642
Motorists Mut.	11,684,329	5,816,236	50.0	554,651	4,741	2,779	4,163
Mtn. States, N. Mex.	464,312	256,160	55.1	99,673	190	119	154
Mut. Benefit, Pa.	428,163	200,007	46.8	22,201	—	—	428
Mutual Boiler	288,161	442,093	153.0	—	—	245	42
Mut. Creamery, Minn.	575,351	372,231	64.6	326,880	193	112	2 68
Mut. Fire & Auto, Iowa	789,69	369,783	46.9	20,909	269	216	303
Mut. Fire, Maine	87,776	37,727	43.0	4,896	—	—	87
Mut. Ins., Conn.	217,719	127,953	58.4	60,878	—	—	217
Mut. Service Cas.	12,515,987	7,435,394	59.4	1,786,650	6,438	2,295	3,781
National Grange Mut	19,073,795	11,681,515	61.0	2,530,655	11,019	4,142	3,912
National Mut., O.	455,202	289,498	63.4	325,246	—	—	455
Nat. Mutual, Pa.	435,634	349,755	80.0	—127,258	—	—	435
Nat. Mut., Wash., D. C.	1,024,865	443,268	43.3	94,259	536	388	99
Nationwide Mut.	140,956,126	79,173,460	56.5	17,747,493	72,043	34,100	34,812
Nationwide Mut. Fire	9,818,075	6,072,676	62.0	1,497,375	453	206	9,158
Neb. Hdwe. Mut.	186,921	85,777	46.0	91,921	78	37	70
New Castle Mut.	53,257	26,407	49.6	—614	—	—	53
N. Y. Cent. Mut. Fire	258,746	154,943	59.5	—27,620	—	—	258
N. Y. Mut. Cas.	1,792,025	1,334,117	74.4	—294,659	1,192	424	175
Nodak Mutual	1,057,327	703,159	66.9	77,327	266	127	663
Norfolk & Dedham	2,600,740	1,499,499	57.4	416,419	887	422	1,290
N. C. Farm Bur. Mut.	1,439,091	983,464	68.5	369,821	758	443	236
Nw. Mutual	24,399,013	12,130,745	49.8	2,404,674	10,556	5,241	8,600
Okla. Farm Bureau	3,927,887	2,462,664	63.0	400,015	1,317	579	2,030
Oregon Mutual	938,133	473,196	50.6	169,133	347	187	402
Otsego Mut. Fire	84,538	50,721	60.0	9,545	—	—	84
Pawtucket, R. I.	1,188,688	475,671	40.2	—99,934	—	—	1,188
Pa. Lumb. Mutual	463,379	251,391	54.2	—70,224	142	48	272
Pa. Millers Mut. Fire	150,366	80,960	53.9	—69,755	33	14	102
Pa. T.&F. Mut. Cas.	19,503,693	11,785,328	60.2	1,587,759	9,519	5,315	4,668
Perkiomen Mut.	130,177	90,776	69.6	77,362	30	20	79
Phenix Mut., Mass.	211,150	79,828	37.8	3,069	—	—	211
Pioneer Co-op Fire	110,574	58,517	52.9	—39,264	—	—	110
Pioneer Mut., Mass.	1,397,952	593,042	42.6	300,329	—	1,177	220
Pioneer Mut., O.	1,237,903	619,492	50.2	28,693	453	589	194
Preferred Mut., N. Y.	557,108	249,388	44.6	259	—	—	557
Pref. Risk, Ia.	13,926,827	7,846,812	56.4	2,730,286	5,787	3,532	4,606
Progressive, O.	2,895,362	1,491,237	51.5	—423,079	737	428	1,728
Prov. Mut. Fire	42,556	15,471	36.2	—	—	—	42
Prudence Mut., Ill.	3,332,704	1,775,915	53.2	784,662	2,489	835	7
Pub. Employees, Wash.	767,555	430,995	56.1	—116,553	306	203	257
Public Serv. Mut.	6,247,899	3,120,758	50.0	206,899	4,668	1,308	271
Quincy, Mass.	1,769,876	813,311	46.1	—44,110	—	—	1,769
Republic Mut. Fire	140,412	47,949	34.2	57,720	54	28	57
R. I. Mutual	642,962	455,533	70.9	6,383	322	195	125
Rural Mut., Madison	2,006,654	1,231,682	61.4	40,793	979	321	705
St. Paul Mut.	263,956	167,553	63.5	50,339	88	45	129
Security Mut., N. Y.	1,071,354	557,401	57.0	230,281	785	273	12
Security Mut. Cas.	9,366,499	6,230,081	66.6	806,655	5,720	1,490	2,155
Sec. Mut. Fire, N. Y.	25,104	22,680	90.0	—1,665	—	—	25
Shelby Mut., Ohio	18,226,823	10,554,086	57.9	1,652,156	9,096	4,635	4,494
Snake River Mut.	171,350	72,747	42.5	44,335	49	25	97
Stand. Mut., Ill.	1,261,954	536,476	42.5	135,640	562	268	430
Stand Reliance	1,109,082	600,461	54.5	—41,965	441	266	400
State Auto & Cas., Ia.	7,975,829	4,057,478	50.8	—2,105,227	3,170	1,810	2,994
State Auto Mut., O.	27,216,837	13,639,208	50.0	1,266,947	11,478	6,790	8,947
State Farm Mut. Auto	419,740,013	252,627,265	60.0	49,914,223	183,855	78,113	157,770
Sterling	114,409	57,240	50.0	14,617	—	—	114
Sunshine Mut	261,570	132,663	50.6	—67,995	91	53	117
Superior Mut.	2,901,048	1,737,004	59.5	1,214,436	1,627	1,020	253
Tenn. Farmers	3,289,909	2,404,414	73.2	395,650	1,462	735	1,091
Tompkins Co-op Fire	38,507	16,903	43.8	—23,949	—	—	38
Town & Ctry. Mut.	1,054,987	701,231	66.6	872,979	415	32	607
Traders & Mechanics	636,338	285,440	45.0	247,402	—	—	636
Tri-State Mut.	96,819	64,499	66.4	12,527	18	14	63
Union, Nebraska	1,939,290	920,911	47.6	130,473	553	322	1,063
Union Mut., Pa	13,395	5,836	43.8	—492	—	—	13
Union Mut. Fire	450,491	253,437	56.2	5,945	—	—	450
United Mut., Ft. Wayne	622,944	322,000	51.8	244,882	237	145	239
U. S. Mut. Liab.	7,625	—4,862	—	723	7	—	—
Utica Fire	180,535	84,827	47.1	—15,532	—	—	180
Utica Mutual	26,284,314	14,412,792	55.0	3,162,826	16,696	6,220	3,367
Vermont Mut. Fire	624,305	306,172	49.0	29,003	—	—	624
Va. Farm Bureau	1,320,825	739,499	55.9	342,192	719	270	330
Virginia Mutual	1,339,872	751,071	56.5	—152,945	735	387	216
Wash. Farm Mut.	224,106	102,481	45.5	—	80	47	96
West Newbury Mut. F.	145,347	72,559	50.0	—1,653	—	—	145
Western Mut., Ia.	2,524,881	1,287,949	50.7	—423,119	897	624	1,002
Western Reserve	727,672	339,529	46.5	—29,169	284	182	260
West. States, Ill.	1,989,330	964,836	48.5	—19,726	816	446	726
Wolverine Mut.	670,497	363,427	54.0	61,497	195	173	301
Worcester Mut. Fire	1,630,799	713,748	43.7	51,930	—	—	1,630
Wyo. Farm Bur. Mut.	765,581	515,021	67.3	127,581	215	123	425
Washington County	83,367	36,258	43.5	18,866	10	4	73
Wash. Mut., Pa.	73,420	30,861	42.0	244	—	—	73

Show Ratios Of Law Suits Outstanding To Auto Liability Premiums Earned In 1957-59

The ratios of suits outstanding to earned automobile liability premiums countrywide for companies licensed in Illinois are as shown in the following exhibit. The information is taken from the 1959 annual statements filed during the three-year period 1957-1959. Column 2 shows the number of suits outstanding as of Dec. 31, 1959, in connection with policies for which the premium was earned in the three-year period, and in column 3 is the number of suits per $100,000 of earned premium.

Results are given for companies with $3 million or more of premiums for the three-year period.

	Prems. Earned 1957-59	Outstanding Suits, Dec. 31	Suits Per $100,000 of Earned Prems.
Acc. & Cas.	9,483,997	627	6.6
Aetna Cas.	180,764,488	10,756	5 9
Aetna Fire	42,310,014	3,697	8.7
Allied Am. Mut. Fire	4,264,778	369	8.7
Allied Mut. Cas.	6,695,243	157	2.4
Allstate	442,471,787	34,212	7.7
American Grp.	83.051,416	2,787	3.3
American F. & C.	51,541,032	1,772	3.5
American Motorists	37,578,828	2,415	6.4
Amer. Mut. Liab.	27,181,187	2,815	9.7
American States	17,053,636	153	.9
American Surety	28,175,765	1,740	6.2
Anchor Casualty	6,275,263	256	4.1
Atlantic Mutual	7,539,823	385	5.1
Atlantic Natl.	7,077,368	533	7.5
Auto Club, Mo.	6,290,145	199	3.2
Auto-Owners	18,931,543	528	2.8
Bituminous Cas.	6,528,472	314	4.7
Boston	12,564,645	692	5.5
Buckeye Un. Cas.	17,289,273	428	2.5
Canal	3,026,235	248	8.2
Cas. Recip. Exch.	4,650,161	187	4.0
Celina Mutual	6,509,094	271	4.2
Citizens Casualty	3,665,327	359	9.8
Comml. Std.	5,555,124	141	2.5
Comml. Union Grp.	27,188,941	1,462	5.4
Conn. Fire	20,266,983	1,733	8.6
Continental Cas.	70,279,814	2,309	3.3
Country Mutual	9,972,776	478	4.8
Eagle Fire	3,079,191	588	19.1
Economy F.&C.	5,341,906	107	2.0
Employers Cas.	12,967,141	280	2.2
Employers Fire	4,431,879	325	7.3
Employers Liab.	46,660,358	3,045	6.5
Employers Mut. Cas.	22,659,391	529	1.3
Equitable F&M	20,266,983	1,733	8.6
Factory Mut. Liab.	31,189,808	2,056	6.6
Farmers Auto	4,811,227	90	1.8
Farmers Exch.	122,304,874	2,386	1.9
Farmers Mut. Auto	25,054,777	998	3.9
Federal	24,688,284	3,077	12.5
Fed. Mut. I&H	8,607,414	125	1.5
Fidelity & Cas.	129,909,433	7,921	7.3
Fireman's Fund Grp.	72,864,708	4,099	5.6
Freeport	6,006,179	132	2.2
Gen. Accident Grp.	85,262,042	5,594	6.6
Gen. Casualty	10,871,831	298	2.8
General F&C	16,780,459	3,114	18.6
Gen. of Seattle	37,099,651	1,488	4.0
Glens Falls	39,491,119	2,705	6.9
Govt. Employees	50,665,058	2,463	4.9
Grain Dlrs. Mut.	5,000,715	229	4.6
Great American	55,675,030	2,990	5.4
Great Northern	4,202,713	187	4.4
Gulf	8,520,773	287	3.4
Hanover	8,765,658	948	10.8
Hdwe. Mut. Cas.	59,235,034	3,963	6.7
Hartford Acc.	199,951,561	11,026	5.5
Hawkeye-Sec.	3,902,544	202	5.2
Home Ind.	46,623,908	4,365	9.4
Houston F&C	4,585,200	231	5.0
Ideal Mut.	3,633,184	363	10.0
Illinois Natl.	5,172,450	182	3.5
Indemnity of N.A.	74,587,103	6,871	9.2
Ind. Lumb. Mut.	12,481,596	813	6.5
Industrial Ind.	4,137,280	155	3.8
Ins. Co. of N.A.	4,504,624	44	.9
Chicago Mtr. Club	10,352,651	299	2.9
Iowa Mutual	5,769,776	183	3.2
Iowa Natl. Mut.	15,812,945	609	3.9
Liberty Mut.	158,251,935	9,336	5.9
London & Lanc. Grp.	12,771,750	811	6.4
Loyalty Grp.	86,979,278	10,254	11.7
Lumbermens Mut., O.	4,440,216	146	3.3
Lmbrmens Mut. Cas.	110,352,114	7,521	6.8
Market Mens Mut.	3,127,297	221	7.1
Maryland Casualty	74,748,252	3,368	4.5
Mass. Bonding	29,723,963	2,425	8.1
Merchants of N.Y. Grp.	13,122,232	1,281	9.8
MFA Mut., Mo.	12,384,724	609	5.0
Mich. Mut. Liab.	20,092,070	727	3.6
Millers Mut. Fire, Tex.	4,564,035	116	2.5
Milwaukee Auto Mut.	8,164,513	157	1.9
Motor Club, Newark	4,922,172	624	12.6
Mtr. Vehicle Cas.	4,845,444	149	3.1
Mut. Service Cas.	15,378,467	296	1.9
Natl. Auto & Cas.	5,347,034	197	3.7
Natl. Farmers Union	5,723,336	128	2.2
National Fire Grp.	2,822,115	59	2.0
National Grange	26,952,044	1,781	6.6
Natl. Indemnity	5,227,136	369	7.0
Natl. Un. Fire	11,830,516	719	6.1
Nationwide Mut.	171,175,122	9,812	5.7
New Amsterdam	40,649,153	4,077	10.0
New Hampshire Fire	13,557,403	1,048	7.7
North British Grp.	9,513,194	380	3.9
Northeastern	3,842,853	202	5.3

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Executives Comment On Worth Of Special Auto Plans, Their Future

To learn what the experience of the insurers has been with specialty automobile plans, a number of them were asked to comment. These observations and figures are presented below.

Companies were asked for loss experience under their plans; total volume written since inception and volume by year; origin of business, that is, exclusive agency companies, specialty companies, or bureau agency insurers; and the general reaction of agents. Executives were asked for their assessment of the future value of such plans as more and more of them are introduced.

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Sales and experience figures on special automobile plans are comparatively small for the insurers that have lately entered this field. The figures are considered unseasoned. But these companies are making interesting discoveries outside the premium and loss data.

For example, the automobile executive of one insurer that introduced a special auto plan in 1959 was able to have the experience through Feb. 26 on his desk by March 9. This was complete incurred-to-earned information by company territory, by agency, and by classification. He gets it within a few days after the close of each month. If there is difficulty by classification or agency, it shows up at once. It can be investigated immediately and remedies applied. This long has been an advantage of direct writers.

This insurer, using a six months payment plan and billing 45 days ahead of due date, received the bulk of the premium within 10 days. Thus it has most of its money 30 days ahead of due date. An executive of the company described these results as "something new in this business." (The exclusive agency companies have had it all along.)

Another insurer using a quarterly payment plan for its special automobile program receives 30% of the premiums by return mail. It bills 30 days in advance of due date. This is said to be about the same experience as that of life companies with their quarterly billing.

The companies also have learned several things about their competition for business in this area of preferred risks. One insurer that has written almost 10,000 policies in six months finds that 38% of this business comes from other companies in the same group and from other bureau companies (divided 33 and 5); approximately 52% from non-bureau insurers, most of which long have had special plans with price reductions, and a surprising 10% from previously uninsured cars. (These figures are said to be 25%, 60% and 15% for all the bureau companies using the special automobile plan.)

The company's plan has attracted business away from insurers with all known forms of organizational structure and operating through exclusive agents or multi-company agencies (or both). However, the impressive finding with respect to competitors was the great number of non-bureau companies, 233. Many of them operate in small or comparatively small areas and are relatively unknown nationally.

The insurer took its plan first to agents that already represented one or more companies in the group, which is a large one with many agencies. Of the total number of agents interviewed approximately 30% wanted to be and were licensed for the new plan.

The 30% is regarded by observers as being high, this late in the competition of specialty plans, and appears to be due to the fact that company representatives personally interviewed agents and explained the program carefully.

Of the number of agents that signed up, 30% wrote policies in the first six months.

Of the agents who rejected the plan, 56% did so because they already were equipped with and were using special automobile plans at savings in rates and with reduced commissions.

Fewer than 10% turned down the program because of reduced commission. Only 6% did so because they are opposed to direct billing. Fifteen per-

(CONTINUED ON PAGE 44)

Direct Billing Put Under Microscope By Iowa Agents; Viewers Differ On Merits

At the annual meeting in Davenport of Iowa Assn. of Insurance Agents, the eastern Iowa chapter of CPCU used a unique technique in conducting a panel session on direct billing. Each participant presented an argument for or against the procedure, but his remarks did not necessarily reflect his own viewpoint.

For example, a company man, Paul H. Darling, agency director of Iowa National Mutual, spoke in opposition to direct billing, while Robert A. Doolittle, Cedar Rapids agent, advocated it. The result was that the discussion and the question and answer period were confined to the subject, without personality clashes. William L. Gallogly of Dubuque was an outstanding moderator.

Mr. Darling asserted that fear of loss of control of an agent's business is probably the greatest objection to direct billing. When the company controls notice of premium, collection, and —in the event of non-payment—cancellation, the agent feels that his client will be looking to the company rather than to him.

Typical Agency Case

As insured becomes indoctrinated under a direct billing plan, he expects and wants to continue with the same company regardless of the agency. This development tends to restrict the valuation of the agency, in the event of sale, to the amount that can be realized by selling the agency to a purchaser who will use direct billing facilities with the same company.

Mr. Darling took a look at the cost saving possibilities in a $100,000 to $125,000 agency and compared this to the commission reduction cost of a direct billing plan. He assumed that 50% of the volume of a $125,000 premium agency will be auto premiums. A reduction in commission from 25% to 15% on the volume of $62,500 results in a dollar loss of $6,250.

According to a Rough Notes analysis of agency operation costs, he said, this agency would have an office payroll of $5,555, a printing and supplies cost of $613 and a postage cost of $307. If the work-saving feature of the direct billing plan is to off-set the entire loss of income of $6,250, all of the office payroll, printing and supplies and postage costs would have to be eliminated. This is not entirely feasible, since an agency of this size must maintain a full-time office girl. At best, probably $2,000 can be saved in office payroll, and probably half of the printing and supplies, and two-thirds of the postage. This would amount to about a $2,500 cost savings against a $6,250 reduction of agency income. Who will absorb the $3,750 balance in lost commission income is the question.

New agencies which, of necessity, need a highly competitive tool to secure additional volume tend to feel a direct billing plan is well designed for their operation, Mr. Darling continued. Extremely large agencies which have lost personal contact with their clients and have been running a mail order routine on their householder business feel that such a plan will not be out of line with their practices.

Agencies which have many slow-pay accounts look with some favor on a direct billing program, solely for accounts which are a collection headache. This is probably the factor which will induce midwestern agents to believe that there is a place for a direct billing operation.

A principal selling point of many agencies has been a high degree of flexibility, Mr. Darling declared. Under direct billing, an agent can no longer afford to extend a little extra credit to a customer when the payment schedule does not immediately fit the client's current financial situation. The agent must adopt the philosophy of "pay and conform or get out." Many agents feel that they can spend a little time and effort in salvaging an old-time customer better than they can afford the time and effort to find a new customer who may not be any better than the one the agency is losing.

Other Objections

Agencies which have sold themselves principally on rapid fire service in issuance of new policies, change of car endorsements, or similar policy amendments will find that a direct billing operation may slow down these services. This is not because the electronic equipment is slower than manual handling, but because the high cost of the equipment will necessitate a high degree of centralization.

While many independent agents may not object to company handling of collection and billing, most of them feel it is the beginning of an encroachment into their area of activity. They think it is possible that other phases of their operation will gradually be regulated and regimented to conform purely to one company's principle of operation. They wonder if this will make the independent the counterpart of the captive agent who has his selling time and methods supervised by the company and often is paid retirement benefits—identifying him more as an employe than an independent contractor. This fate could be in store for the independent agent, Mr. Darling concluded.

Arguments For System

Mr. Doolittle pointed out that class rated risks illustrate the possibilities for advantageous use of direct billing. Homeowners might be even more adaptable to it than auto, since homes are not traded as often and there are fewer models requiring different rates.

Direct billing is here to stay for several reasons, but primarily because of the forced growth effect that is always present with competition. The economies incorporated in it will enable agents to market a superior product at a lower rate than in the past, Mr. Doolittle maintained.

Public demand for use of some form of direct billing is evidenced by the almost phenomenal growth of direct writing companies, he continued. Direct billing, however, will fall into line with the thinking of today's customer and let him buy the agent's product at a discounted price without reduction of any necessary agency service.

Economies under direct billing come largely from a transfer of duties to the companies and a reduction in agents' gross income. But if agents continue to service accounts properly, there will be no cut in net income. The agent who is doing his job is not over-paid, and his worth is known to his customers. He will need only to cut his costs of operation to conform to the reduced commission income and keep the net income of the agency up where it belongs. This can be done by the proper use of direct billing.

This will mean loss of some of the flexibility in an agency, Mr. Doolittle said. There will be some loss of agents' control of their business, but they will not lose ownership.

Further Considerations

Some of the present complete control of the placement of lines with a company will be lost—not to the company, but to insured he went on. Customers will become more familiar with the insuring company. Proper servicing by agents will cause customers to respect the company and persuade them not to change. This loss of control will work to the agents' advantage by helping keep competitors away. Voluntarily changing companies in the agency would cause a heavy run on the aspirin bottle, Mr. Doolittle believes, but he has enough faith in agents to feel that they could survive even this eventuality.

Because of the closer relationship the customer will have with the company, through the agent, the latter's renewals will become automatic with the customers as well as with the company, and lapse ratios should be reduced, Mr. Doolittle observed. He added that if the agent figures 6% interest on the average balance of his accounts receivable is for a year, he will readily see the advantage for him in this new system of collection.

Agrees On Values

Harvey E. Lynch, vice-president of United Fire & Casualty, noted that automation is increasing in general industry. Direct billing is just another form of automation which allows insurers to cut their costs, reduce their premiums, remain competitive and still pay as much commission as they can to the agent.

Agency companies, faced with direct writers, have a bear by the tail, not only in the private passenger auto business but in the dwelling, fire, and homeowners business. Mr. Lynch is unequivocally on the side of the agent, and intends to stay that way. He believes that direct billing may be a blessing to the agent instead of a curse as many producers probably feel.

One of the big advantages to the agent in direct billing is the signed application, Mr. Lynch noted. The prospect will not generally make any false statements over his signature. This produces the better type of insured which all agencies should desire.

There is less chance for claims with a signed application than without, he went on. There is a good chance the agent will get his premium check with the application. There is less need for call backs.

Specific Values

Mr. Lynch noted that all life companies require the signed application, and life agents believe that insured has the feeling that signing the form establishes a contract with the agent, the company, and the policyholder as joint parties.

The biggest advantage to the agent is the elimination of collection problems. Some agents spend between 40% and 60% of their time on collegions. Another big advantage is the fact that the lapse ratio on direct billing renewals is considerably less than on the regular term renewals. The policyholder gets so used to sending his premium in at renewal time that he automatically continues to do so. This is true in life insurance and follows also with auto direct billing renewals. This should be most important to the agent.

Some agents take as long as 110 days to pay their accounts. If the company could get this money within a reasonable time and invest it, the extra income could be substantial, Mr. Lynch pointed out.

He said that many agents have combined direct billing with the economy auto package, and are writing all their business in this combination because they found, when delivering renewals, that the policyholder h ad already

(CONTINUED ON PAGE 44)

Auto Experience In 1959 Of Reciprocal And Lloyd's Insurers

	1959 — Total — Earned Prems. $	Incurred Losses $	Loss Ratio %	Incr. or Decr. in Prems. $	BI Earned Prems. $ (000 Omitted)	PDL Earned Prems. $ (000 Omitted)	PHD Earned Prems. $ (000 Omitted)
Auto Club, Mo.	5,973,500	2,872,782	48.0	488,290	3,035	1,045	1,892
Auto Club, So. Cal.	43,887,386	19,039,953	43.4	7,918,789	15,948	10,231	17,706
Auto Exch., Cal.	183,970	103,266	56.3	493	—	—	183
Berwind Exchange	5,534	763	38.0	—	—	—	5
Cal. Cas. Indem. Exch.	6,477,200	2,840,991	43.8	1,134,200	3,127	1,148	2,200
Cal. State Auto	28,867,668	13,029,293	45.0	4,084,806	15,061	5,157	8,648
Carriers Exch., Ia.	1,865,648	768.669	41.3	631,517	1,355	442	67
Cas. Recip. Exch.	2,709,179	1,379,867	50.5	—121,239	1,525	674	508
Chicago Motor Club	11,034,796	6,659,804	60.4	449,452	5,241	1,947	3,845
Comml. Unds., Mich.	414,952	345,028	83.4	—22,227	183	111	119
Consolidated Unds., Mo.	3,581,152	1,932,680	54.0	282,682	1,811	695	1,074
Cons. & Dist. Exc.	599,023	238,945	39.8	231,023	—	—	599
Detroit Auto Club	40,606,784	26,356,572	64.8	2,445,614	12,396	8,011	20,197
Erie Exchange	10,760,349	6,253,610	58.4	1,631,907	4,706	2,605	3,449
Farmers Auto, Pekin	5,691,589	2,802,813	49.2	469,965	2,380	1,091	2,218
Farmers Exch.	120,125,349	69,451,625	57.7	10,540,525	54,032	23,108	42,984
Gov't Serv., Tex.	579,381	326,959	56.3	128,446	226	167	185
Int. Auto Ins. Assn.	1,909,278	683,681	35.9	1,020,278	754	938	216
Internat'l Lloyd's	163,119	73,284	44.9	54,597	10	56	96
Lloyd's, N. Mex.	290,132	149,371	51.4	44,642	—	—	290
Lloyd's, N. Y.	61,858	27,896	45.0	—	—	—	61
London Lloyd's, Ill.	2,956,156	3,826,060	129.0	207,193	1,277	483	1,195
London Lloyd's, Ky.	278,317	94.496	33.9	—41,218	16	5	255
Mfrs. & Whlslrs. Ind. Exc.	1,189,122	721,526	61.0	121,871	492	280	415
Md. Ind. & Fire Exch.	684,994	352,877	51.5	69,780	411	254	18
Motor Club, Neb.	761,619	392,814	51.5	119,683	266	164	330
National Unds., Mo.	228,026	144,781	63.2	—1,690	68	71	88
Old Line Auto, Ind.	380,964	339,274	89.2	46,136	154	135	91
Prairie State Fmrs., Ill.	314,296	160,801	51.0	139,579	120	67	126
Pref. Exch., Wash.	2,187,780	1,216,358	55.5	648,497	769	409	1,009
Rural Exchange, Ill.	515,184	372,586	72.2	—1,001,528	352	129	33
South Texas Lloyd's	2,329,150	1,057,800	45.4	—4,488	—	—	2,329
South. States Exch., Va.	29,291	42,155	144.2	3,368	—	—	29
State Auto, Ind.	14,262,414	9,045,582	63.5	38,793	5,602	3,503	5,156
Teachers Assn.	631,092	299,923	47.2	237,220	244	111	275
Temperance Exch.	854,944	510,565	59.6	121,120	357	208	289
Truck Exchange	26,783,719	17,292,972	64.4	2,116,338	12,411	6,844	7,527
Twentieth Cen. Exch.	276,088	205,930	74.4	173,987	128	63	84
Un. Auto Indem. Assn.	3,898,144	2,163,619	55.2	360,440	1,587	866	1,444
United Serv. Auto	41,401,821	19,233,009	46.5	5,138,141	17,034	7,320	17,047
Universal Auto	766,076	1,176,077	152.0	—779,168	346	260	159
Univ. Unds. Lloyd's	205,594	116,374	56.5	—	8	6	190
Univ. Unds., Mo.	4,864,725	1,936,205	39.6	1,186,972	—	—	4,864
Totals	391,744,150	216,106,755	55.3	45,840,196	163,442	78,608	149,636

The Agent...

He got out of bed at 1:15 a.m. to answer a call for help from somebody he'd never met. He spent two chilling hours getting his people into a motel, waking a country doctor to check them over, rounding up a rental car for them to use while theirs is being repaired.

He's home now, bone-tired. He will feel the effects of this night when he rises to meet his obligations tomorrow. But tonight, he made a piece of paper turn into help, shelter and protection from financial loss for that family out on the road.

Many of his neighbors know him as their "car insurance man," and they note that he makes a good living at it. The basis of his success is that he's part of a unique *marketing partnership*. He is an agent, an independent business man, but an *exclusive agent*, representing a single insurance enterprise. As such, he is freed by his marketing partner, the company, to concentrate on serving a large volume of *qualified customers*. We help him identify and accept the qualified risk, the average driver of normal habits. We mass-produce his policy-writing, bookkeeping, billing and collection for him, so that he wastes no time "making shoes by hand." All this gives him a built-in price advantage. And because we are *his* company, he is able to capitalize on one of the most powerful advertising programs in the industry. *Our* ads are *his* ads.

Many people know our agent as their life and fire insurance man, too. Because providing him with companion lines for better service to his clients and extra income for himself is still another aspect of our integrated approach to the market place. As their auto insurance man, he has a natural entree. He is already known and expected in his neighbors' homes. He is, in short, *the family insurance man* . . . with the ability, the training *and the time* to sell from a well-rounded insurance portfolio.

The Claim Representative

In our company, he may be a lawyer . . . or a technician, schooled in a dozen automotive crafts. In any case, he's a student of human nature, because he meets the public . . . people who have just had accidents, and are wondering if their insurance company will stand by them and pay off when the chips are down.

The claim representative's role in our Marketing Partnership is to help the agent keep the promises we make in our contract . . . and to sustain our relationship with the insured.

We have another big thing going for us when it comes to giving claim service . . . *our customer can always find us*, no matter where his accident happens. Near home, it's no great problem to get help. But the farther one is *away from home*, the greater the reassurance that comes from finding a nearby helping hand from *one's own company*. That's where our 1,700 claim representatives and 7,500 agents . . . each pledged to serve each other's policyholders as his own . . . stop being dots on a map and become real people, on the spot when needed.

That's why our Marketing Partnership lets our agents promise *and deliver* "hometown service wherever you drive." And that's why 98.43% of our policyholders responding to a continuing survey, report complete satisfaction with the way their claims were handled.

The People

For every agent and claim representative on the firing line there is another person *behind* the scenes in our company.

The term "Marketing Partnership" is one you would not expect these folks to use in their day-to-day work. Yet they are the people who make it possible. They are the flesh-and-blood behind the abstractions of "streamlined methods," "continuous policies," "direct billing and collection," and "fast-track claim handling."

They perform jobs with titles, and jobs without . . . duties without number, services beyond value. They're the billers, the checkers, policy typists, code reviewers. Underwriters, statisticians, mail clerks. Secretaries, correspondents, key punch operators. You name 'em, we've got 'em, 8,643 strong.

Their sheer physical accomplishments are astonishing. Every day, they dictate 15,000 letters, send out 52,000 premium notices and 8,900 checks, issue 16,500 policies—over 92,000 separate transactions. That, we submit, is something.

The Company

The name of the company is State Farm Mutual Automobile Insurance Company. We were founded 38 summers ago by a retired farmer, George J. Mecherle, of Merna, Illinois. He was a man with powerful, simple ideas: that careful drivers are entitled to lower rates on car insurance . . . and that agents and company should work together as partners, not deal with each other at arm's length.

Today, for the eighteenth straight year, State Farm Mutual is the world's largest insurer of cars, with nearly 6 million policies in force. That's one out of every 9 passenger cars in the U.S. Yet we are even more proud of our record of paying a dollar where a dollar is due . . . and of having one of the lowest ratios of claim litigation in the industry.

We are tremendously grateful for the acceptance that policyholders and agents have given our companion companies. They have placed the State Farm Life Insurance Company among the top 10% of all U.S. life insurance companies. And the State Farm Fire and Casualty Company's writings during 1959 exceeded those of our Auto Company in the year when it first became the No. 1 auto insurer.

But of all the aspects of our company's integrated approach to the marketplace, the key figure remains the agent. The rest of us perform our essential, concerted labors, but in the end it's *the agent* . . . a man on his feet with an application in his hand . . . who makes the sale and keeps us all in business.

As a Marketing Partner, he's hard to beat.

STATE FARM
Auto
Life Fire
INSURANCE ®

Debate Use Of Deductibles As Rates Increase

(CONTINUED FROM PAGE 26)

ters is beginning to make the average buyer aware that he should not be buying insurance on losses he could afford to pay himself. Unfortunately, on this point he does not find the insurance fraternity in full agreement. There are many who continue to feel that increasing the size of deductibles can only have the effect of ultimately reducing premium income. In spite of this pessimistic outlook, the trend in this area seems in the direction of higher deductibles.

There is ample reason to feel that any attempt at scientific determination of the amount of deductible for the individual driver is as pointless as attempts to make individual rates for drivers, since the experience of any individual is meaningless. If, however, it is actuarially possible to determine a rate for a group of drivers, it must be actuarially possible to determine the proper deductible for the same group. Some drivers, of course, cannot pay the calculated rates for full coverage and they solve the problem by reducing the amount of coverage or by financing the premium. Inability of an individual driver to absorb a deductible determined on the basis of economic principles, could be solved in the same manner, i.e., buying less coverage or arranging to finance his portion of the loss. Proper determination of the correct deductible would at least leave him in the position of knowing where the greatest savings lay.

An attempt is being made at Louisiana State University to determine if the economic theory of marginal utility can be applied to the selection of insurance deductibles.

Show Ratios Of Law Suits To Liability Premiums Earned

(CONTINUED FROM PAGE 30)

	Prems. Earned 1957-59	Outstanding Suits, Dec. 31	Suits Per $100,000 of Earned Prems.
Northern, N. Y.	8,144,983	486	6.0
Northwestern Mut.	24,327,486	751	3.1
Northwestern Natl. Cas.	14,744,945	638	4.3
Norwich Un. Fire	3,079,191	588	19.1
Ohio Casualty	50,117,983	752	1.5
Ohio Farmers Grp.	18,041,718	421	2.3
Old Colony	5,384,848	297	5.5
Pacific Employers	7,344,796	231	3.1
Pacific Indem.	22,178,720	1,033	4.6
Pacific of N. Y. Grp.	6,556,613	478	7.2
Pacific Natl. Fire	7,952,407	393	4.9
Pa. Threshermens	21,794,561	1,187	5.4
Phoenix of London Grp.	27,772.429	2,387	8.6
Phoenix, Hartford	20,266,983	1,733	8.5
Preferred	3,641,547	84	2.3
Preferred Risk Mut.	10,781,534	425	4.0
Prov. Wash.	7,504,767	585	7.8
Prudence Mut. Cas.	5,171,495	564	9.2
Reliance	9,184,895	575	6.3
Royal Exchange Grp.	3,045,332	386	12.6
Royal-Globe Grp.	107,026,132	8,229	7.7
Safeco	35,577,598	1,099	3.1
St. Paul F.&M.	49,719,826	1,647	3.3
Security, Conn.	8,150,371	522	6.4
Security Mut. Cas.	14,222,660	171	1.2
Shelby Mutual	19,186,093	867	4.5
Springfield F&M Grp.	11,777,474	926	7.9
Standard Acc.	58,347,049	3,613	6.2
Standard Marine	12,771,750	811	6.4
State Auto & Cas., Ia.	9,510,342	114	1.2
State Auto, Ind.	11,736,925	715	6.1
State Farm	346,543,029	11,703	3.4
Sun, N. Y., Grp.	7,976,451	1,240	15.5
Transport Indem.	8,082,948	487	6.0
Transport, Tex.	6,083,724	319	5.2
Travelers	207,089,102	14,804	7.1
Travelers Ind.	127,478,333	8,040	6.3
Trinity Universal	12,604,207	566	4.5
Truck Exch., Cal.	28,882,414	755	2.6
Union Auto	3,743,316	175	4.7
United Pacific	11,189,876	198	1.8
U.S. Casualty	18,472,364	1,752	9.5
U.S.F.&G.	132,462,708	6,944	5.2
U. S. Fire	22,265,764	430	1.9
Utica Mutual	39,628,261	2,633	6.6
Valley Forge	26,344,436	1,743	6.6
Western Cas.	23,468.712	780	3.3
Wolverine	9,307,952	174	1.9
Yorkshire	5,267,531	375	7.1
Zurich	42,296,778	2,397	5.7

What Research Foreshadows For One Underwriter In Auto Insurance Changes

In view of the developments in the automobile field during the past year, the comments of R. E. Seers, director of underwriting research of Nationwide Mutual group, before the Conference of Mutual Casualty Companies in March, 1959, are interesting.

The real trend, Mr. Seers said, is toward compensation for the victims of automobile accidents, unless it is stopped short at compulsory by drastic improvement in the technical know-how of the insurance business, and by drastic improvement in the product and distribution approaches to the personal and family market.

The vital areas of need for technical knowledge are risk evaluation, administration of acceptance and rejection standards and decisions, and actuarial science and pricing procedures and standards. These things constitute the technical guts of the auto insurance mechanism, and they need much research if that mechanism is to run. The striking of the clock in Massachusetts, New York and North Carolina (compulsory states) signifies that this research must be labelled "emergency."

Coverage Changes Needed

Some basic changes in coverage are needed, Mr. Seers declared. The first involves the elimination of the omnibus provision so that "we may know what we are insuring." The second must be innovation aimed at standards or schedules for indemnification, toward immediate relief for both parties to an accident when liability is in doubt, or toward encouraging an extra measure of self reliance through expanded contract accident insurance. No coverage with objectives short of these will satisfy society's overriding concern with the accident victim, whether he is innocent or not.

The threat of a state fund for automobile insurance will not disappear until the high cost of auto insurance is whittled way down, Mr. Seers believes. Compulsory and the expanding insurance needs of the personal and family market are making traditional administrative and distribution procedures uneconomic. Market and product trends already in existence must be accelerated so that the last measure of relief available to the ailing auto line will accrue from the economies and improved service of group distribution techniques and full-blown package policy concepts.

The business has been talking about the changes that compulsory will bring or accelerate. Mr. Seers believes it is clear that universal coverage of the motoring public, and the dynamically expanding role of insurance in the lives of all Americans, will bring these things whether or not another bill specifically called "compulsory" ever is adopted by any state legislature.

Cancellation Restrictions

Mr. Seers emphasized that insurers are faced with further extensions of direct restrictions on cancellation of existing policyholders, whether those take the form of a non-can policy or some other form but with the same clear objective. When that happens, gone will be the underwriter's time honored second guess.

This means the necessity of a vastly improved technical knowledge of risk and improved control over initial selection so that many more first acceptance decisions, or pricing decisions in the case of the merit plan, will be righter, he said.

Non-cancellability, or near that, will spell the end of the omnibus provision, Mr. Seers believes. But for that to happen, "underwriters everywhere must storm the tower; for when we are denied the right to withdraw from a risk, then we must be assured the right to know what that risk is." Ironically, constructive guidance of compulsory legislation may provide the best means, and perhaps the only opportunity, to get rid of the omnibus provision, he suggested. For when every driver is required to be insured, who can object to shifting responsibility from the automobile to its drivers?

Mr. Seers sees the realities of the automobile insurance situation leading inevitably to a reduction in distribution costs if the product is to continue to be privately distributed. Corollary to that is the distribution of it with other products, or distribution through an entirely different technique, or both. In conjunction with the latter he noted the growth of term in life insurance with its basic insurance, low cost features, coupled with low acquisition cost; and the spread of packaged and broadened fire and casualty coverages. These are tremendous examples, he thinks, of improved insurance service and they foreshadow improvements in auto insurance service.

Minn. PR Unit Shows Auto Film To Youths

Minnesota Insurance Information Center has prepared a film and discussion program to acquaint young drivers with the underlying reasons why they are costing their parents so much in auto premiums. Officials of five insurers with Minnesota home offices helped prepare the movie script.

The information center offered the program to all high schools in the state, and more than 300 schools have requested it to date. Presentations have been made to more than 36,000 high school students.

The program is built around a colored cartoon film strip with sound track, beamed directly at the interests of teen age drivers. An insurance man is on hand to answer questions. Company men fill this role in the cities, and local agents appear in outlying districts and smaller towns. Colleges, church and civic groups, PTAs and other organizations have seen the film.

The film spells out in simple terms what coverage is afforded by auto policies, and how rates are set, emphasizing that policyholders make their own rates. Driver classifications are explained, with a review of experience on each. Emphasis is on the reasons for higher rates for youthful drivers. The mechanics of the AR plan are also outlined.

A question and answer period follows each showing. In schools, teachers are furnished tests to be completed by students the following day.

T. E. McDonnell, assistant secretary of St. Paul F.&M.'s auto department, assisted in the presentation of the program recently at the governor's conference on youth. Donald Considine, the company's supervising automobile underwriter, has presented the program at the annual driver training instructors' meeting at the University of Minnesota.

Auto Business Is More Complex, More Competitive

(CONTINUED FROM PAGE 24)

proportions—is for the surcharge side of the plans to work as thoroughly and efficiently as the credits. With assigned risk rates going up, it is possible that the merit plans would absorb enough of the auto population via surcharges (that would still be less than AR rates and would avoid the stigma of being in the AR plans) to provide genuine easement of the rising pressures on AR plans.

* * *

Looking ahead, automobile cancellations will be more and more in the news. They are being investigated by insurance departments and legislative committees in New York, New Jersey and elsewhere. Legislative restrictions on the insurer's freedom to cancel have been proposed in several states. The bills have asked for prohibition of mid-term cancellation except for non-payment of premium; or that the insurer furnish a written reason for cancellation; or that the legislatue establish a few conditions which are the only one under which the insurer may cancel.

The problem of course tends to be aggravated by the push for preferred risks, the rise in the population of assigned risk plans, and the increase in rates for assigned risks.

It is doubtful if the problem will be reduced at all by guaranteeing non-cancellability for higher preferred risks. In fact, this is more of a marketing idea than a public service aimed at reducing the growing public and political restiveness over cancellations. Non-cancellability on the insurer's terms will only tie the preferred risk to the one insurer for one to five years, if it does anything. If it proves effective for that reason, insurers other than Allstate may adopt it, or variations of the idea.

Nor will the problem be solved by more careful screening of new business. This will only make the market tougher to start with. Yet with so many insurers using so many prices and plans to woo the preferred risk, "regular" business will be scrutinized more and more closely.

The problem of cancellation is not new, in insurance or in auto insurance. In the automobile field, several, perhaps many, insurers have followed the practice of cancelling (or not renewing) after insured produced a claim. Underwriting by cancellation as a deliberate company policy for the purpose of grading up the book of business has become more noticeable since 1957, when the automobile experience went out the roof.

Wholesale Cancellations

But wholesale cancellations by the insurer on a selected territorial basis occurs whenever the automobile experience grows sharply worse; in the early 1950s, for example, when the economy began to feel the inflationary effects of the Korean war. There are, of course, from time to time, isolated instances of cancellations as individual insurers become overextended, or get into a territory and find themselves attracting dog business, or, as in one instance three or four years ago in New York state, when one insurer unloaded many thousands of risks in a few days. This, after they discovered that their agents, who were earning a very low commission on auto business, were reach-

ing for any auto risk in sight—and did they turn out to be risky.

There is one safety valve the auto business has that perhaps accounts for the fact that there has not been a louder clamor against cancellations. That is the assigned risk plans. They give evidence in the two largest automobile states, California and New York, of blowing up. But changes now under consideration may enable the insurers to live with them and the public to endure them—particularly if the proposals are accompanied by an even partial removal from the road of the worst driving offenders.

The formation of a separate insurer to handle assigned risks apparently has been abandoned, perhaps largely for fear that the creation of such a distinct facility would make it easier for the state to take it over. The project was being seriously considered six months ago by those involved in assigned risk business. Advantages advanced for a separate facility with its own personnel included: Making it easier to get adequate rates promptly; better service to ARs; possibly reducing loss ratio by sale of voluntary coverages; discouraging producers putting risks into the plans by identifying the insurer as the Assigned Risk Ins. Co.; developing claim and other procedures to fit the assigned risk situation; easing the pressure on underwriting of regular business; establishing uniform handling procedures to provide more accurate statistical and other data, and getting prompter reporting of claims from a group notoriously late in reporting them.

Though the automobile business is not one of sentiment neither are accidents. The auto insurers, for what still seems to be sound and selfish reasons, have made a real social contribution by way of assigned risks. They have lost big money. They are sticking with the AR plans. Their reasons are not hard to determine. If they cannot provide the entire automobile population with insurance, in some way, provision of it will have to be by the state.

* * *

The automobile situation is not going to improve much for the insurance business until and unless each of those responsible for what goes into the premium (and comes out of it) does what can be done to solve the problems in his area. The automobile insurance premium is the spout of a funnel into which are poured a witch's mixture of irresponsible driving, big jury awards, high lawyer's fees, rising hospital and doctor's bills, inadequate and improper roads, poor or inadequate enforcement, and plain skullduggery by a few garages, motor car dealers, lawyers, doctors, and insurance company personnel.

Left Holding The Bag

The fact that insurers are last in line doesn't make them responsible for educating the public on why rates are so high. However, because they hold the bag, they are stuck with the necessity of telling the whole story. They have to collect the money for doctor, lawyer, dealer, thief—so the public blames the high rates on the auto insurance business on the prima facie evidence of high prices. Everyone concerned in producing the costs, though they do produce them (and without their prices being regulated) point to the insurers as the culprits. The insurers, which have to add some costs of their own (and with their prices regulated by a public agency) can point back, but this has had little effect. Perhaps if the insurers started breaking down and reporting (at least for newspaper uses) how much of their premiums go to lawyers, doctors, hospitals, car manufacturers, and others, it would help. It would also be expensive. However, it might be done on a "sample" basis, with some effect.

Nothing in sight indicates that the public is going to get educated until it does a good deal more suffering. The pain of paying higher prices for auto insurance will help in the educational process, especially if more merit rating is effective in separating the irresponsible from the responsible drivers. Also, the driver is going to have to meet more rigid requirements to get a license—and to keep it.

Identifying The Culprit

In the area of enforcement, there is evidence that authorities may be coming to the point where they will handle licensing on the same basis as the auto insurers with merit rating; that is, the man who has the accidents tends to be the one who causes them. There is growing evidence that when two motor vehicles collide both parties are to some degree at fault. These cannot be termed accidents at all but events. If the traffic situation were reduced to accidents, it would be a blessing, and the auto insurance business would have no large problems.

Motor vehicle departments—New York's for example—are doing their best to get proper legislation, to organize on an efficient basis with the proper objectives, and, most important of all, to get at the heart of the difficulty, which is identification of the irresponsible driver at the point of licensing. These bureaus are apparently getting to the point of recognizing that certain types of accidents reflect such gross irresponsibility that the license should be suspended for a considerable period, or revoked for a long time—or forever.

There is a suspicion that a very large number of drivers should be put off the road permanently than previously has been considered necessary. This is a tough job, one no one wants—and certainly not one the insurers ought to have deal with. The only way it can possibly be done, even in part, is for motor vehicle bureaus, operating under proper conditions and with proper and complete information, to do it license by license and accident by accident.

Roads Can't Catch Up

There are of course not enough roads of the right kind and are not likely to be. Even if the issue of new licenses and registration were to be suspended for a year, the roads wouldn't catch up.

As long as attorneys consider themselves as business men in the law to make money—and not, as they are at least in theory, officers of the court with as much responsibility for seeing justice done as the judge and jury, awards and settlements are going to be high. However, the public has a right to expect that bar associations and medical societies and the courts can stop outright fraud perpetrated by dishonest professional men and insured. It is not the big award in itself that has boosted auto premiums so much as "settlement" cases in the category of a few hundred up to several thousand dollars. The price of these settlements, however, goes up with awards. It is in this area that many of the fraudulent cases are said to fall.

There has been a great deal of buck passing. The insurance people have blamed the lawyers and juries. The lawyers have barked back at the insurance companies. Enforcement facilities, set up and functioning along the lines of laws as jerry-built and inadequate as much of the roadway system of the country, have licensed drivers and kept them licensed long after many of them have demonstrated that whatever else they may be capable of doing, it is not responsible driving.

It is little wonder that the public is not getting anything like the full and factual story.

Debate Responsibility

Whether the insurance business is responsible for getting this story to the public effectively, as commissioners and others have long contended, still can be argued. But since the insurance business is the last man in line perhaps it can't escape the onus, whatever the merits of its responsibility.

Yet it is an almost impossible task. It simply does not seem likely that there will be an effective and wide spread public grasp of the situation until each of those responsible for his part of the auto insurance price does his duty. The ensuing pain and suffering will result in the public education that everyone has in mind. After all, pain and suffering constitute the quickest and most impressive educational process there is.

Executives Comment On Worth, Future Of Special Auto Plans

(CONTINUED FROM PAGE 31)

cent were undecided—they are waiting to see if the idea is here to stay.

Among other reasons given for rejection were that the agent was too old, or for some other reason was not going to solicit; several were not interested in having any, or any more, auto business; a few were scheduled to be closed by the company or were headed for sale.

This company's plan, as that of other insurers using it or plans like it, is aimed at getting preferred business. So far, the business it has secured is 87% class 1. This breaks down approximately into 35% for 1A, 6% for 1AF, 40% for 1B, and 6% for 1C. About 6% is A, 1% is 2AF, and 5% is class 3. There is no 2C business.

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Volume and loss experience under our plan have been satisfactory. We have approximately 15,000 policyholders under the program. One-third were formerly insured in companies writing at a competitive rate. About another third are our own customers who have been converted to the plan, and the other third include former customers of companies writing at so-called bureau or standard rates, as well as a smaller number previously uninsured.

On our regular business we are renewing about 60 to 65% of our private passenger policies. In other words, on the old basis, we have to write 10 new policies to get six renewal customers. Under our special plan, we are renewing about 95% of our business, which is a phenomenal improvement and one of the principal advantages of the plan.

The general reaction of agents has been varied. There is the agent who feels his business is secure. He wants no part of a direct billing system and, in fact, claims he doesn't need it. These agents are content with things as they exist, and we are not spending a lot of time trying to convince them to the contrary.

Then there is the agent who sees the coming necessity of this sort of system but has not felt the pinch yet. This agent is taking on the facility and using it on an intermittent basis. He is a good prospect for the future, and we are working on him.

Finally, there is the group of young, hungry agents who need a facility of this kind to hold their business and to help them grow with new business. This is the kind of agent who needs our plan, and we have been concentrating on him. So far, we have appointed more than 1,000 agents under our plan, and most of them are new to our companies.

The future of the independent agent and of the agency companies with regard to personal lines depends on plans designed to free the agent of detail and permit him to sell, with unnecessary costs and duplication of effort eliminated, and paperwork concentrated where it can be handled efficiently and economically—at the company.

We are developing a special homeowners' program which we will introduce some time this summer on a selective state basis. Our automobile plan is already in effect in 25 states, with more to be introduced as rapidly as possible.

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Our plan became effective shortly after June 1, 1959, and, therefore, our figures are for less than a full annual period. Moreover, the plan went into effect on a state by state basis as approvals were received, involving some 30 states. Our results, therefore, are based on experience over a limited period.

Because of the short time in operation, the developed loss ratio on an earned basis cannot be used as a direct indication of the results which may develop after the plan has been operating for a longer period. At Dec. 31, 1959, we had an incurred loss ratio of 63.7 which includes allocated claim expenses for BI, PDL and PHD combined.

Premiums written from inception up to March 1, 1960, were $555,000. Since our plan permits the writing of four, eight or 12 month policies, we estimate that the annual premium would be approximately $1 million.

We ran a source-of-business test, running from June 1 to Dec. 31, 1959, and found the following distribution: Our parent company renewals, 27.2%; from Allstate, State Farm, Nationwide Mutual and State Auto, 8.2%; from stock companies other than those four companies, 33.1%; from mutuals other than those four companies, 12.7%; from reciprocals, .7%; no previous insurers, 8.2%; not known, 9.9%.

The reaction of agents has ranged from apathy to intense interest in the plan. It is our belief that the future for plans of this type is good. Our experience with the automatic renewal of policies shows that less than 10% of the policyholders failed to renew. This is a healthy sign.

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In the six years our plan has been in effect, our business has come from independent and bureau agency companies as well as from specialty agency companies. While the major share has come from the agency companies, a sizable percentage was previously written by direct writers.

There has been and still is a reluctance on the part of many agents to use aggressively a direct billing plan such as ours. The principal objection is the reduction in commission, in addition to which there are those who feel that they will lose contact with their insured. With the development of the bureau specialty auto policy and the general reduction in automobile commissions we look for a marked change in the attitude of these agents.

We are convinced that direct billing plans for private passenger automobiles as well as other personal lines are in their infancy insofar as agency companies are concerned. In the years to come we expect that nearly all of this class of business will be handled in this manner for economic and competitive reasons.

Our written premiums were $31,561 in 1954; $470,491 in 1955; $841,193 in 1956; $1,330,846 in 1957; $1,806,334 in 1958, and $2,087,238 in 1959, for a six year total of $6,617,663.

For the period from 1954 to 1959 our earned premiums on collision were $1,367,477, incurred losses were $660,032, and loss ratio was 48.3; on comprehensive the figures were $903,328, $549,254, and 60.8; on medical payments, $389,409, $216,852, and 55.7; on PDL, $1,159,049, $678,927, and 58.6, and on BI, $2,251,043, $1,349,506, and 60. The six year totals for all classes were $6,070,307, $3,454,570, and 56.9.

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Experience under our plan reveals the following ratio of losses and loss adjustment expenses to earned premiums for the years 1954 through 1959: 63.4, 49.9, 77.3, 56.5, 72.8, and 59.2. The ratio for the six years was 64.2.

Premiums written in these years were $12,285, $122,655, $235,382, $329,352, $496,006, and $629,251. The six year total was $1,824,931.

Initially we kept a record of the source of the business and found that a major portion was from our direct and selective-writing competitors. A share, of course, was coming from bureau agency insurers and also from other companies of our group. However, the business coming to us from bureau writers was indicated by the agents to have been placed with us because insured were preparing to leave the bureau insurers for potential premium savings in direct and selective-writing companies.

The general reaction of our agents has been excellent. They have indicated their appreciation that early in the game we provided them with a competitive weapon which has enabled them not only to hold risks which were preparing to leave their offices, but also to secure once again some of their insured who had already become customers of the direct and selective-writing companies.

The future value of such plans is dependent, I believe, on the ability of the direct and selective-writing companies to continue encroaching on the business now written by our agency forces. If the time should come when the business written under bureau plans is competitive with the rates charged for the better risks by our direct and selective-writing competition, then the need for economy plans of this type would no longer be necessary. It is interesting to note in this connection that in recent years many bureau companies have filed plans similar to ours, and the National Bureau, under its filings for the special automobile policy, has adopted the expense-saving features of our plan.

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Loss experience since inception of our plan has been quite satisfactory. We realize, however, that in view of the rapid growth, there is a definite possibility that the business has not seasoned. Indications are that as the business does become of age, the loss ratio should not increase to a point that would cause concern.

We activated our program in 1956. Our net writings that year were $176,000; in 1957, $447,000; in 1958, $1,560,000; and in 1959, $4,100,000.

As accurate a record as possible has been kept as to the origin of our business under the plan, and it is broken down as follows: 22% from our parent

Direct Billing Put Under Microscope By Iowa Agents; Viewers Differ On Merits

(CONTINUED FROM PAGE 32)

placed his auto coverage elsewhere. The agent had no opportunity to quote rates. The differential between the old policy cost and the rate quoted by the direct writer was so great that the policyholder bought from the latter. By placing the policyholder under a direct billing economy type policy, the agent has eliminated this ever present threat of losing his renewals.

Under a direct billing plan, it is now possible to streamline auto business, keeping the best class, with a minimum of effort and headaches. It is also possible to take auto business away from the direct writers and to obtain all the personal lines of new accounts, heretofore out of the question, Mr. Lynch concluded.

Mechanical Procedures

After a discussion of the mechanical procedures of direct billing, Howard A. Sohn of United Life & Casualty pointed out that the remittance of renewal premium is the point where there is great variety among companies. Allstate generally requires 40% from the customer initially, and then two equal 30% payments. The first 30% is due 90 days after the effective date and is automatically billed 15 days in advance of that date. The final payment becomes due 180 days after the effective date and is billed 15 days in advance of that date. Several of Allstate's regional offices have a five payment plan in which they bill through the use of a coupon book mailed to insured when the policy is issued. It requires him to pay 20% during each of the first five months of the policy period.

Mr. Sohn noted that State Farm Mutual mails a renewal notification to insured approximately 30 days before expiration. Insured can pay directly to the regional office or through the agent. These premium notices are self-receipting, and only the stub, not the entire notice, is returned with the renewal premium. The remainder of the notice with insured's canceled check is the receipt.

If the payment is not received by expiration date, a notice is mailed to insured and to the agent, providing for continuation of coverage if the premium is paid within 10 days. Along with this final notice, the policyholder receives a stuffer telling him that a 50-50 renewal is available. For a $2 handling charge with the first 50% renewal payment and signed form, the coverage also continues. If renewal payment is received no later than 10 days after the due date, the agent receives notice of premium payment.

Nationwide Mutual's direct billing system is similar to that of State Farm Mutual, but cancellation does not become effective until 17 days after renewal date if the premium is not received. Their original policy, however, is issued directly to the policyholder by the agent, using ball point pen. The copy of the policy which the company receives from its agent is a carbon affair, arranged so that several of the coding steps are actually completed by the agent, Mr. Sohn explained.

Safeco requires the gross premium to be submitted on new and renewal policies. If the policy contains liability coverage, only a semi-annual policy term is used. A special premium budgeting arrangement is available. This allows the policyholder to split the premium into two equal payments with a 50 cent service charge added to the first payment.

Mr. Sohn's company makes several payment options available on renewal, with the choice of gross payment by insured directly to the company or net remittance by the agent. On the agent's request, the renewal premium can be charged to his regular monthly statement. One special automobile policy written by his company has a requirement that the gross income be remitted.

company, 11% from bureau companies, and 55% from four direct writing or captive type agency companies. The remaining 12% has been new business to the agent and our company.

Generally speaking, a majority of conventional type agents will not activate the plan until they have felt the pinch of outside competition. An agent's first embrace of the plan is defensive and lukewarm. As the potentials of the plan become apparent, he shifts to an aggressive use of the program.

The agent and company, in taking advantage of modern techniques and continually improving automation, should recognize the need for agency representation, personal sales efforts and the necessity for unexcelled claim service. They should accept the fact that the utmost in modernization will not replace the old-fashioned philosophy of "wearing out shoe leather." Guided by these principles, automation in the insurance business has a tremendous future.

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Our experience up to Dec. 31, 1959, looks promising. Our combined loss ratio on an earned premium incurred loss basis was approximately 32.

To date we have written 16,000 applications in this form of policy. Well over 60% are new insured to our company, and a little less than 40% are transfers from the family automobile policy. So far, our premiums for this business are running in the neighborhood of $1.4 million on an annual basis.

In reviewing a cross section of 2,000 applications involving insured we did not previously insure, over 90% of the business came to us from direct writers or specialty companies. Less than 5% of the business was previously placed with a bureau company. This would seem to indicate that we now have a product which is competitive and which will sell. With the right kind of marketing we hope to write our share of the good automobile private passenger business.

Generally speaking, the reaction of the agents has been good. Naturally, there are many agents who have been in the business for a number of years who are not soliciting individual automobile insurance, and they make no bones about telling us that the program is not very important to them. We have had good results from younger, more aggressive agents, and from some who desire to represent a company of our caliber rather than to sell for direct writers.

We are most optimistic about the future of our plans, and have every reason to expect they will enable us to make significant gains in the private passenger market. Of course, as I have already said, the special automobile programs now in use are still in an experimental stage. In the next six months we should begin to develop more conclusive results. These will give us more answers than we now have and will tell us what, if any, further improvements we should make so that these programs will be most productive.

As to the future of our plan, I feel this method of doing business, which in reality is an adaptation of a system originated by the direct writers, is assured. As a matter of fact, I feel that any company that does not embrace this method of doing personal lines business will be at a considerable competitive disadvantage in the future.

This does not mean that our plan, without realistic underwriting, can solve everyone's problems. Undoubtedly more and more agency companies will adopt this plan, and that will mean that those of us who started it early will lose some of our competitive advantages. Any agency company that does not use every possible means of reducing overhead so that our product can be brought to the public on a more realistic price basis, eventually either will become obscure or will fail entirely. By the same token, any local agent who is not ready to accept a lower commission to allow the companies he represents to bring the product to the public at a realistic price will fail.

I realize that this is not a popular concept with local agents, but I am sure any company executive who has his mind on his job will agree with this premise.

I would estimate that 60% of the business has come from full rate agency companies, and 40% from competitive direct writers. This is fairly accurate because it is based on test studies that we make from time to time.

The big hassle in the private passenger automobile situation now is the so-called merit rating plan, which is being tried extensively in California and, to a limited degree, in other areas. We probably are failing to procure a certain amount of new business on account of this competitive plan. However, we feel that our plan or some adaptation of it is a much better answer, and I am sure that those who have followed the merit rating controversy know all of the things that are wrong with that system. I will not say that we may not have to adopt it for competitive reasons, but I sincerely

hope that this does not become necessary.

The above comments pertain entirely to personal lines business, because that is where the big changes are taking place presently in our business. You will be interested to know that we are now writing continuous homeowners policies in some areas under our own plan and that eventually we will have continuous fire policies. I feel that a large majority of our total personal lines volume will be under similar plans within the next few years.

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Under our economy auto plan in 1956 we had written premiums of $444,233 with a loss and loss expense incurred ratio to earned premiums of 64.7. In 1957 the figures were $2,161,245 and 85.1; in 1958, $3,532,917 and 70.3; in 1959, $4,405,791 and 68.5. The four year totals were $10,544,186 and 71.9.

We do not have complete information on the origin of the business.

We have made the facilities of the affiliated company writing our plan available to the agents of our parent company and its other affiliate. The general reaction of agents has not been enthusiastic. On the other hand, there has been very little resistance or criticism of our action in making the facility available.

The plan is taking hold slowly, and we feel that in future this type of merchandising will be increasingly important in the personal line of business.

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Our loss experience under our special policy has exceeded the anticipated permissible up to and including 1959.

The volume of business written since the inception of the plan in 1956 has not been up to our best expectations. We pioneered the single limit concept and were among the first to introduce the medical payments coverage on an excess basis. This doubtless slowed our progress. However, just as the program was really getting off the ground, the bureau and leading independents came out with a single limit policy, resulting in a further slowing down of our progress. Until we can evaluate the effect of these new single limit programs, we prefer not to divulge details as to volume.

When we first began writing this coverage, we kept meticulous records on the origin of the business. Results of a study of 1,078 risks show 58.9% from agency stock companies; 11.8% from agency mutuals; 23.3% from direct writers; 6% no prior insurer indicated.

In general, our agents took kindly to the single limit concept. The idea that we had not cut back on it, except for medical payments, likewise appealed. However, when the agent compared his commission income—at a reduced rate at a lower premium—he generally chose to stay with bureau policies and high commissions. The automobile business is presently so confused in areas where we are writing this policy that we have not yet been able to determine what the agents' reaction will be when they compare our superior single limit contract with that of the more restrictive policies being offered by the bureaus and leading independents.

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We believe that the single limit policy is here to stay. Plans for merchandising this coverage on a six month, signed application, cash-on-the-barrel-head basis will be the rule rather than the exception in the future.

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For some years we have been operating a special auto plan. We are currently working on a variation of this program to include other lines. In view of this changeover, I am confining my comments to rather general terms.

Our loss experience under the plan has more or less paralleled that of our conventional writings, after giving consideration to the concentration in certain specific states. The total volume we have written since inception is in excess of $13 million.

We have only recently begun to maintain specific statistics as to origin of the business. Roughly speaking, I would think something approaching 50% has been taken away from direct writers and mutual agency companies, and of the balance, a considerable portion has consisted of rewrites or renewals of business previously written in one of our own companies.

The general reaction of agents has been mixed. Those who have adopted the plan have been highly enthusiastic; others have been unwilling to adopt the plan because it ran counter to fairly deep-seated ideology as to modern techniques.

Our idea as to the future value of such plans is that they will play a most important and valuable role in the future of stock companies operating through the agency system.

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Too short a period has elapsed since the introduction of our plans to show any significant loss experience. Loss data, particularly for BI, must have a certain amount of seasoning before it can be used with confidence. Production under the new plans has so far been most encouraging, and the plans have developed a substantial increase in new business. Of particular encouragement to a bureau agency company is the fact that of this new business an appreciable amount represents risks that were formerly insured in specialty or direct-writing insurers.

To date, the general reaction of our agents to these plans has been enthusiastic. Their future value is still somewhat uncertain, and undoubtedly, to a large degree, will depend upon the loss experience which ultimately develops, as well as upon whether or not the increase in new business will continue following the initial impact of the introduction of the program.

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Our economy plan, written in a subsidiary, was introduced in 1956 in most states. It was made available to our producers on the basis of desire or need to use it. We supplied sales promotion material, but no concerted effort has been made to promote the plan.

Loss experience under the plan is clearly superior to that of our other automobile business, apparently reflecting the more demanding underwriting requirements of the economy form.

Premiums written in 1956 were slightly under $1 million; in 1957, $1.5 million; in 1958, $3.5 million, and in 1959 more than $5 million. A substantial increase is expected this year.

We do not have countrywide figures on sources of business, but studies indicate that a significant block of policyholders is coming from com-

panies not operating under the agency system.

The best answer to the question of agency reaction is that an increasing number of our producers are using the plan to attract or to hold business they otherwise could not handle. Some producers have felt they would be in a stronger position if all their eligible policyholders were written in the plan, and have made or are making the switch-over month by month. Most policies are written on a 6 month basis, with renewal certificates issued on electronic equipment and billed direct to the policyholder. The plan is designed to reduce agency handling and overhead expense and to make more of the producer's time available for constructive effort.

As to the future value of such plans, we consider it likely that an increasing proportion of the individual private passenger automobile business will be written on this basis. We feel this type plan may also have appropriate and helpful application as respects other personal lines, and we are studying such possibilities.

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Our plan began operating late in 1957. Gross volume written through March, 1960, is $4,072,935. The loss ratio to date, not including claims expense, is 57.33. We are writing business in five states through 1,130 agents.

Approximately 15% of our volume is from insured formerly written by our parent company, the balance coming from specialty companies and other agency companies. It is our feeling that our plan has been well received by all types of agents, although many parent company agents have not adopted the program. So far as the future is concerned, we feel that most of the private automobile volume, as well as some other personal lines, will be written under a plan such as ours or on some basis similar to this type of operation.

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Our earned loss ratio for the relatively short period the plan has been in operation is 56%.

Total volume, or volume by year, is not entirely meaningful, in view of the manner in which we have put the plan in operation. It was first introduced on a limited test basis in several western states in early 1958. As the year progressed, we entered a total of nine western states, including the large California market. Our net written premium volume for this initial year of sporadic operations was $473,000. During 1959 we intermittently added the program in 23 additional states. Our net premium volume for that period was $2.4 million.

About 25% of the business under the plan has come from our parent company; 45% from bureau companies and independent stock companies, and 30% from specialty companies.

It was in response to a number of requests from our agents that we originally explored the feasibility of a low-cost automobile insurance program. While we recognized that the inroads of competition had not advanced to all segments of our agency representation, we felt that a low cost facility should be made available to producers who doubted their continued ability to compete in the expanding automobile insurance market without a program for price-conscious preferred risks.

As early as 1955, our program was in its design stages. It was necessary, however, to research the various electronic billing systems and premium-handling procedures inherent in any low-cost program, before launching a plan. Unless administrative expense for both the company and the agent was cut to the bone, we feared that this competitive tool would prove to be impractical and unwieldy.

While outlining and testing these economical methods, we sought to avoid impairing the agent's identity with his client. Interested agents were consulted as to the functions that could more economically be performed on high-speed company equipment.

Field-testing in various western states proved to our satisfaction that all of the painstaking groundwork was rewarded. Those agents who had requested the program received our plan enthusiastically, and many are pushing the coverage aggressively, to the exclusion of standard automobile insurance plans where their preferred clients are concerned. Time-saving procedures in our plan have made it possible for these agents to increase their auto volume without detracting from the selling time devoted to other lines.

Those agents who did not believe they were severely threatened by competition were initially lukewarm to the idea of a low-cost, direct processing auto insurance plan. Day-by-day, however, we find that an increasing number of these agents see in our program an offensive weapon which can prove its worth as a device to retain important accounts and obtain new business.

In no state where our plan has been offered have we encountered concerted hostility toward the low-cost concept. The company feels that this reflects a genuine interest on the part of many independent agents in the future of the agency system, and recognition of the premise that competitive challenges must be met where serious threats exist.

While a large portion of the insurance-buying public will continue to look to the independent agent for professional counsel and personalized service, there is also an increasing segment of the population which will never pay higher rates when preferential premiums are available. Many of these price-conscious consumers represent desirable personal lines business which we cannot afford to turn away from our type of agent and company. Once it is agreed that two distinct buying philosophies exist, then it follows that special plans must be tailored for those independent agents who wish to develop both markets. We are confident that our plan will continue to be valuable as a competitive tool for our agency force.

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A fair volume of business has been written under this program. Since the plan has been in operation for only six months, the earned premium developed is not adequate to furnish a reliable indication of the experience. Data we do have is quite favorable.

We have not recently analyzed the sources from which the business has been coming but several months ago on a limited number of risks the indications were that 90% of the new business came from exclusive agency companies (31% from bureau companies and 59% from non-bureau companies.) Ten percent came from so-called specialty companies.

The general reaction of agents has been good.

There is a strong public demand for economy type plans. Future prospects are excellent if the plans are aggressively marketed and well administered.

1959 Auto Experience Of Stock Insurers Is Detailed By Company

(CONTINUED FROM PAGE 27)

	1959 Total Earned Prems. $	1959 Total Incurred Losses $	Loss Ratio %	Incr. or Decr. in Prems. $	BI Earned Prems. $ (000 Omitted)	PDL Earned Prems. $ (000 Omitted)	PHD Earned Prems. $ (000 Omitted)
Countryside Cas., Mo.	455,861	351,373	77.1	374,154	182	136	136
Crown, W. Va.	349,963	158,201	45.2	76,244	187	123	39
Dealers National, Tex.	814,034	378,765	46.4	165,498	334	192	286
Delta, Tenn.	717,662	373,017	52.0	—24,670	—	—	717
Dependable, Fla.	745,303	437,598	58.7	46,078	—	—	745
Dixie Auto	1,415,103	758,694	53.7	248,319	542	351	521
Dixie F. & C.	2,487,434	1,391,008	56.1	306,406	1,110	690	686
Dubuque F. & M.	1,399,527	738,034	53.1	519,135	833	290	275
Eagle Fire, N. Y.	1,089,159	719,679	66.5	—361,770	535	193	359
Eagle Star	478,128	401,329	83.9	—106,651	205	113	159
Economy F. & C.	6,641,648	3,418,160	51.3	854,058	2,788	1,446	2,406
Educators Auto	903,864	502,198	55.5	218,864	312	179	411
Educator & Exec., O.	369,582	198,603	53.6	315,278	147	73	149
Emmco	19,699,255	12,043,892	61.3	—1,890,317	—	19,699	—
Empire F. & M., Neb.	682,891	448,145	65.7	171,061	317	175	189
Employers, Ala.	868,067	573,411	66.0	—145,996	323	202	342
Employers Cas., Texas	11,670,467	6,213,238	53.5	536,135	5,293	2,677	3,699
Employers Fire	5,889,534	3,441,395	58.5	822,089	2,225	1,065	2,598
Employers Liability	34,359,863	18,340,964	53.3	3,044,041	18,707	8,616	7,035
Employers Natl., Dallas	42,135	21,451	50.8	23,382	16	7	18
Employers Reinsurance	12,030,667	5,844,702	48.6	—188,316	9,831	515	1,683
Equitable F. & M.	1,335,502	843,837	63.7	—293,969	553	230	551
Equity General	8,186	6,235	76.1	—32,434	1	1	5
Eureka	1,353	1,535	113.4	—	—	—	—
Excel, South Bend	308,817	180,075	53.4	5,079	—	—	308
Excelsior, N. Y.	206,466	95,783	46.5	—113,048	—	—	206
Exchange Cas. & Sur.	934,710	833,615	89.2	—1,085,491	565	352	16
Farmers & Mer., Okla.	265,634	162,421	61.1	259,996	107	67	91
Farmers Equit., Ill.	1,141,254	710,841	62.2	457,525	520	227	393
Federal	24,279,318	13,213,689	54.5	647,875	10,260	3,548	10,470
Fidelity, S. C.	47,431	21,547	45.3	11,496	27	14	6
Fidelity & Casualty	77,220,276	54,515,491	70.6	6,129,290	55,360	21,859	
Fidelity General, Ill.	101,398	61,791	61.1	—	53	25	22
Fidelity-Phenix	47,971	1,192	2.5	—12,671,358	—	—	47
Financial Indem., Cal.	3,624,045	1,329,423	36.4	857,651	954	516	2,153
Fire & Cas., Wis.	319,412	260,582	81.4	188,096	—	—	319
Fire & Cas. of Conn.	335,338	113,068	35.2	—309,699	—	—	335
Fireman's Fund	49,046,453	28,174,331	57.3	14,142,451	23,091	10,210	15,745
Firemen's, N. J.	47,146,639	27,774,674	57.7	13,153,242	23,368	10,071	13,706
Firemens, D. C.	34,449	12,463	36.0	2,653	—	—	34
First Fidelity, Okla.	225,104	100,695	44.4	—	84	44	95
First National, Wash.	167,377	88,740	53.1	—55,623	—	—	167
Founders, Cal.	1,825,323	1,108,945	60.4	—316,699	809	367	648
Franklin Casualty	367,981	197,273	53.7	152,603	107	62	197
Franklin F.&C.	599,242	419,203	70.0	—	234	140	223
Freeport	7,342,180	3,547,703	48.1	673,645	3,110	1,592	2,639
French Union	60,271	29,282	48.5	—	17	7	34
Gateway, Pa.	332,350	171,442	51.5	294,605	—	—	332
General Accident	41,330,730	24,458,367	59.0	396,242	22,506	9,528	9,295
General Cas., Wis.	9,388,636	4,837,184	51.5	669,007	4,482	1,930	2,975
General Exchange	112,156,409	66,701,190	59.5	—10,758,210	—	—	112,156
General F.&C.	9,165,500	5,806,071	63.3	1,325,992	7,025	1,783	356
Gen. Guaranty, Fla.	614,857	409,809	66.6	—98,387	337	137	140
General, Fort Worth	1,656,207	923,202	55.9	—85,817	726	339	590
General, Seattle	32,550,943	15,229,293	46.7	556,159	14,833	7,299	10,417
General Reins.	16,090,825	8,499,739	53.0	2,131,122	9,540	1,692	4,857
General Security	682,999	537,104	78.7	—162,803	307	139	235
Georgia Casualty & Sur.	1,479,735	861,480	58.5	—98,470	677	384	417
Gibralter F.&C., S. C.	12,611	17,124	136.2	—	6	3	2
Glens Falls	32,453,330	18,902,180	58.3	1,985,353	16,625	6,798	9,029
Globe & Republic	494,567	285,270	57.6	16,484	—	—	494
Globe Indemnity	17,885,456	10,461,074	58.4	2,906,298	9,629	4,132	4,122
Government Employees	50,615,050	28,341,244	56.0	10,543,151	24,051	9,731	16,831
Great American	41,574,638	24,136,731	58.0	26,083,043	20,885	8,663	12,025
Great Basin, Nev.	308,478	184,988	59.6	192,455	58	37	213
Great Lakes, Ohio	34,301	10,050	29.1	—29,949	—	—	34
Great Northern	4,545,583	2,693,282	59.2	327,317	1,912	850	1,782
Guarantee, Cal.	2,046,358	1,013,754	49.5	—483,148	920	434	690
Guaranty Nat'l., Colo.	118,757	59,294	50.0	45,850	21	16	81
Guaranty Sec., Minn.	725,977	462,477	63.6	590,279	309	192	224
Gulf Amer. F.&C.	499,144	240,315	48.0	225,670	176	126	196
Gulf, Texas	9,314,304	4,470,817	47.9	942,631	3,697	2,032	3,584
Halifax	629,649	464,026	73.7	139,141	300	139	189
Hanover	11,143,513	6,463,899	58.2	1,856,216	4,223	1,882	5,036
Harbor	1,300,035	916,313	70.4	—285,943	538	295	466
Hartford Accident	124,955,869	74,944,616	60.4	16,692,599	87,006	37,949	—
Hartford Fire	43,812,340	23,400,244	53.4	5,222,999	—	—	43,812
Hawaiian Ins. & Guar.	15,594	9,934	64.0	—	—	—	15
Hawkeye-Security	4,249,779	2,191,604	51.5	451,695	1,642	1,005	1,601
Hercules Cas., Okla.	212,010	132,645	62.2	—	81	43	87
Holland-America	243,320	134,714	55.1	—526,776	98	57	87
Home & Automobile	161,457	83,636	51.9	—	79	36	45
Home F.&M.	8,980,336	5,158,679	57.4	1,157,026	4,227	1,869	2,882
Home Indemnity	15,257,544	9,814,723	64.5	—10,625,617	9,871	4,276	1,119
Home, Hawaii	1,236,395	706,105	57.3	185,395	517	298	419
Home, N. Y.	31,111,799	18,100,673	58.1	12,777,310	9,842	4,248	17,020
Hoosier Casualty	3,373,556	1,697,404	50.1	232,356	1,371	796	1,205
Houston F.&C.	3,928,385	1,935,033	49.2	—450,825	1,714	893	1,320
Illinois National	5,585,183	2,736,838	48.9	126,788	2,376	1,308	1,900
Illinois	69,199	36,875	53.2	4,185	2	2	64
Imperial Cas. & Ind.	2,663,301	1,536,303	57.6	495,745	1,431	640	591
Imperial, D. C.	647,104	308,296	47.5	—107,605	—	—	646
Indemnity of N. A.	62,464,258	35,014,207	56.0	2,353,069	31,858	13,849	16,756
Indiana	8,114,595	4,669,016	57.5	1,012,736	3,147	2,051	2,915
Industrial Indem.	4,151,674	2,101,836	50.5	1,032,066	1,831	877	1,443
Institutional, Ill.	256,029	138,154	53.8	163,379	—	—	256
Ins. Corp. of America	figures not available						
North America	2,021,943	1,112,031	54.9	106,934	1,031	224	765
State of Pennsylvania	2,085,670	1,258,179	60.1	340,820	827	418	839
Ins. Co. of St. Louis	1,058,330	550,793	52.3	121,523	—	—	1,058
Ins. Co. of the South	916,975	481,714	52.5	919,675	573	311	32
Intermount. Cas., Colo.	157,206	75,604	48.1	—35,313	—	—	157
Internatl. Service	7,008,462	3,516,216	50.1	827,374	2,488	1,577	2,942
Inter-Ocean Reins.	174,708	87,705	50.3	64,568	30	9	135
Interstate, N. J.	2,866,264	1,454,365	50.6	—258,372	—	—	2,866
Jefferson, N. Y.	393,578	261,174	66.4	233,064	—	—	393
Jersey	3,204,755	1,865,443	5[illegible].0	345,151	767	326	2,110
Kansas City F.&M.	2,375,995	1,378,864	57.8	—225,613	184	89	2,102
Keystone, Phila.	13,296,390	7,066,729	53.5	779,390	6,006	3,105	4,184
Lafayette	89,064	47,676	53.5	26,486	—	—	89
La Salle Casualty	1,688,430	759,359	45.1	208,078	1,068	423	196
Lexington	3,222	5,904	183.2	—3,916	—	—	3
Liberty, Tex.	2,345,401	1,240,037	53.0	911,401	914	554	876
Lincoln Casualty, Ill.	1,603,622	1,049,209	65.0	194,333	930	413	259
L.&L.&G.	8,788,542	5,140,355	58.5	—40,181	4,731	2,030	2,025
London & Lancashire	3,075,528	1,819,442	59.0	118,274	1,541	643	890
London Assur.	3,559,277	2,233,184	62.8	898,607	1,550	676	1,331
London Guarantee	12,102,172	7,232,177	59.7	—543,053	6,177	2,828	3,095
Loyal Auto, Cal.	1,141,568	436,682	38.2	—	—	—	1,141
Maine Bonding	2,312,417	938,704	40.6	91,417	1,053	711	546
Manchester, N.H.	463,797	275,957	61.5	—9,408	—	—	463
Manchester Ins. & Ind.	157,196	97,993	62.4	155,879	31	11	113
Manhattan Cas.	4,227,952	2,523,169	59.6	522,431	3,378	846	2
Manhattan F.&M.	1,525,405	957,078	63.0	385,147	664	290	570
Marine, England	1,391,553	772,120	55.6	41,131	590	196	604
Maritime	92,906	52,869	56.8	28,906	—	—	92
Marquette Cas.	862,948	506,897	58.6	223,328	350	199	313
Maryland Cas.	59,636,058	36,736,557	61.5	6,296,655	31,466	14,761	13,408
Maryland National	193,671	95,766	49.5	166,671	—	—	193
Mass. Bay	202,229	155,667	76.7	155,218	95	38	67
Mass. Bonding	18,590,124	10,071,108	54.1	699,924	11,344	4,621	2,624
Mayflower	319,213	125,128	39.1	—180,210	39	23	255
Marathon, Cal.	1,453,461	1,117,517	76.7	662,932	—	—	1,453
Members, Cal.	1,032,125	550,133	53.3	304,466	488	206	336
Merchants & Mfrs.	329,711	190,179	57.6	—10,990	—	—	329
Merchants Fire, N. Y.	8,692,977	4,911,978	56.5	—628,196	4,083	1,835	2,773
Merchants Fire, Colo.	—	—4,764	—	—173,175	—	—	—
Merchants Indem.	2,173,244	1,227,994	56.2	—157,050	1,020	458	693
Meritplan, Cal.	1,705,356	794,704	46.6	470,530	756	377	570
Metropolitan Fire	30,930	23,925	77.4	—26,070	—	—	30
Metropolitan, Ill.	458,561	490,969	107.0	—107,044	248	126	83
Michigan Surety	figures not available						
Mid-Continent Cas.	3,376,636	1,986,011	58.8	948,513	1,492	756	1,127
Midland Empire	302,443	154,284	50.9	64,443	—	—	301
Midland Natl.	1,037,115	642,799	62.3	620,850	644	308	84
Mid-States	3,826,258	2,239,120	58.3	170,474	—	—	3,826
Midwestern Indem.	1,074,846	582,771	54.4	316,059	385	248	439
Midwestern, Tulsa	177,089	108,281	61.0	—539,356	71	44	60
Midwestern F.&M.	1,058,330	550,793	52.3	121,523	—	—	1,058
Millers National	178,099	94,821	53.2	10,779	7	5	165
Milwaukee	10,879,993	6,409,539	59.2	681,974	5,392	2,324	3,163
Minnehoma	1,792,954	846,262	47.2	333,693	166	125	1,501
Mission	1,936,279	923,194	47.8	1,175,963	767	354	814
Monarch	2,126,863	1,198,891	56.0	—548,845	527	193	1,405
Monticello	40,564	40,024	98.8	—	—	—	40
Motor Club of Amer., N.J.	4,575,283	2,166,221	47.2	533,377	2,197	968	1,408
Motor Vehicle Cas.	5,426,205	2,697,477	49.6	410,910	2,427	1,150	1,848
Motors	49,621,886	30,729,044	61.9	14,684,565	—	—	49,621
Mount Beacon	722,821	458,227	63.4	43,539	—	—	722
Munich Re.	1,358,030	883,407	65.4	1,010,476	835	404	117
Natl. Auto. & Cas.	4,498,933	2,415,008	53.6	259,703	2,033	1,050	1,415
National Auto, Ark	34,629	8,097	23.4	30,590	21	12	—
National Auto, Del.	1,756,267	850,788	48.5	259,790	988	768	—
National Auto, Ga.	789,029	476,636	60.3	58,017	—	—	789
National Auto, W. Va.	52,535	24,385	46.2	—	29	19	3
Natl.-Ben Franklin	3,626,665	2,136,472	58.8	227,325	1,797	774	1,054
National Casualty	1,575,686	1,141,177	72.5	263,900	594	484	496
Natl. Fmrs. Un. P.&C	7,824,217	4,071,464	52.0	—436,361	2,909	1,426	3,488
National Fidelity	1,670,441	835,023	50.0	—279,219	871	367	431
National Fire	3,257,192	1,381,625	42.4	—596,032	44	16	3,195
National F.&M., Neb.	178,276	60,992	34.2	31,404	80	32	65
National Indem., Neb.	6,276,924	3,063,652	48.8	3,028,944	3,193	1,651	1,432
National Service Fire	79,245	64,978	81.9	49,826	—	—	79
National Standard	71,632	35,912	50.1	—	30	15	26
National Surety	11,052,722	6,349,146	57.6	1,424,033	5,203	2,300	3,548
National Union Fire	12,074,599	6,569,582	54.6	1,638,345	5,449	2,448	4,176
National Union Indem.	1,509,312	821,196	54.7	204,793	681	306	522
Nationwide General	956,618	645,661	67.4	927,462	469	250	236
Netherlands	1,006,355	510,954	51.0	—67,645	611	233	161
New Amst. Cas.	27,494,679	16,899,768	61.3	—109,094	15,412	6,987	5,095
New England	1,191,456	648,099	54.4	10,057	492	202	496
New Hampshire	13,756,439	8,313,284	60.6	2,502,439	6,073	2,687	4,995
N.J. Mfrs. Indem.	10,341,830	5,976,150	57.9	1,720,410	4,763	2,547	3,030
New Rotterdam	54,283	18,900	34.9	31,283	3	1	49
New South, N. C.	1,643,270	987,684	60.2	90,215	—	—	1,643
New York Fire	604,470	348,663	57.6	—20,148	—	—	604
N.Y. Underwriters	1,859,410	993,114	53.6	199,653	—	—	1,859
New Zealand	1,079,508	506,619	47.2	175,294	482	215	381
Niagara	3,007,893	1,615,945	53.6	—57,455	—	—	3,007
Newark	5,165,195	3,021,087	58.5	—23,615	2,781	1,193	1,190
Newfoundland Am.	1,686,009	990,477	58.9	573,151	705	337	643
North Amer. Re.	8,158,356	4,944,420	60.6	1,052,102	5,557	1,510	1,090
North British	2,673,801	1,382,139	51.7	—44,586	944	440	1,288
North Pacific	261,794	143,414	54.7	—	125	55	80
North River	5,475,115	3,265,892	59.5	765,564	2,291	1,001	2,182
Northeastern	4,453,298	2,285,194	51.2	462,072	1,642	1,005	1,804
Northern, London	1,031,931	628,084	60.9	—231,330	218	94	719
Northern, N.Y.	9,138,472	5,437,615	59.5	—3,007,305	2,208	920	6,009
Northern Security	69,367	33,497	48.2	17,446	—	—	69
Northland	3,831,584	2,289,133	59.5	1,072,367	—	—	3,831
Northwestern Natl. Cas.	8,916,106	5,301,957	59.4	669,948	6,232	2,683	—
Northwestern National	4,207,193	2,100,981	50.0	169,263	—	—	4,207
Norwich Union Fire	1,007,628	691,295	69.1	—273,171	532	191	283
Ocean Accident	5,725,312	3,404,072	59.5	480,837	2,854	1,220	1,650
Ohio Casualty	48,174,615	24,205,108	50.3	3,821,943	21,170	11,709	15,294
Ohio Farmers	7,040,921	3,609,990	51.1	—1,471,302	3,080	1,633	2,326
Ohio	747,916	425,200	56.9	21,846	343	166	237
Ohio Security	353,873	239,362	67.6	137,894	112	95	146
Old Colony	4,804,906	2,724,805	56.6	352,532	2,262	957	1,564
Old Republic	1,565,719	1,029,049	65.4	458,938	765	440	360
Olympic, Cal.	8,595,527	4,973,865	53.8	1,721,912	835	512	7,247
Oregon Auto.	4,677,201	2,527,728	54.0	—60,330	2,228	949	1,499
Ore. Farm Bur.	662,978	403,226	60.8	80,978	279	135	247
Ins. Co. of Oregon	305,922	161,699	52.8	—	150	70	85
Pacific Auto	6,026,547	3,010,659	50.0	1,026,983	2,904	1,335	1,786
Pacific Coast Fire	170,065	100,716	58.8	—21,935	66	28	74
Pacific Employers	6,465,783	3,040,236	47.0	888,046	3,244	1,494	1,727
Pacific Indemnity	18,822,796	10,277,551	54.2	—264,972	8,974	4,285	5,562
Pacific, Hawaii	2,224,028	1,476,351	66.1	378,028	916	544	762
Pacific, New York	5,712,826	3,325,363	58.1	615,270	1,368	581	3,762
Pacific Natl. Fire	5,309,483	2,460,609	46.4	1,738,645	2,479	1,207	1,622
Palatine	916,049	544,650	59.4	77,049	456	195	264
Palmyra	99,817	46,131	46.2	—	—	—	99
Pan American F.&C.	1,799,360	886,137	49.5	93,256	767	443	587
Pan American	1,260,908	523,591	41.5	—164,638	527	290	443
La Paternelle	3,103	1,373	49.1	170	—	—	3
Pearl	2,126,863	1,198,892	56.1	548,845	527	193	1,405
Peerless	9,057,199	4,270,892	47.2	—605,746	5,500	2,100	1,456
Pennsylvania	3,255,065	1,682,605	51.6	—54,279	1,150	535	1,569
Pennsylvania Gen.	5,999,620	3,550,405	59.2	1,382,961	3,267	1,383	1,349
Pa. Mfrs. Assn. Cas.	5,093,402	2,437,967	47.6	38,220	2,698	1,713	682
Peoples Indem., Ark.	369,760	229,499	62.1	264,760	151	81	136
Phoenix, N.Y	8,068,114	4,821,450	59.8	—361,380	4,118	1,885	2,063
Phoenix, Conn.	12,973,451	8,245,847	63.9	—2,855,692	5,376	2,237	5,359
Pioneer Casualty	1,430,516	811,401	56.7	410,774	787	510	132
Planet	3,458,307	1,898,923	59.8	—233,023	2,187	662	608
Potomac	19,332,155	11,440,204	59.0	3,327,693	10,527	4,457	4,347
Preferred Fire, Kan.	672,827	320,067	47.6	241,130	230	92	349
Preferred, Mich.	3,490,238	1,834,038	52.4	—497,614	1,223	814	1,451
Preferred Risk Auto, N.J.	699,005	352,674	50.4	—	379	158	160
Preferred Risk	744,004	350,009	47.0	294,714	296	150	296
Premier	5,455,435	3,151,699	57.8	301,892	—	—	5,455
Progressive Cas.	1,488,224	750,880	50.7	1,011,064	83	22	1,382
Protective Cas.	1,760,788	922,302	52.4	—21,941	—	—	1,760
Protective F.&C.	379,824	188,644	49.5	112,331	122	76	180
Providence Wash.	5,523,399	2,877,029	52.0	164,661	2,829	1,161	1,532
Quaker City	330,385	96,465	28.6	903	—	—	330
Queen City	1,904,104	1,106,303	57.9	322,764	757	396	749
Queen	13,105,722	7,665,443	58.5	—59,919	7,056	3,028	3,020
Reins. Corp., N.Y.	2,205,629	1,211,454	54.9	1,356,529	923	494	787
Reliable	200,237	55,542	27.8	—207,229	53	95	51
Reliance	10,791,110	6,087,216	56.8	—67,819	3,637	1,687	5,467
Reliance Marine	92,906	52,867	56.8	28,895	—	—	92
Republic Indem., Cal.	1,858,572	777,635	42.0	455,628	918	413	526
Republic Indem., O.	1,392,878	832,821	59.9	21,143	509	375	507
Reserve, Ill.	5,523,169	2,794,884	50.5	1,360,594	1,355	637	3,530
Resolute	10,872,087	5,754,573	53.1	77,207	—	324	10,547
Riverside, Ark.	644,206	345,184	53.6	—301,690	211	132	300
Royal Indemnity	13,953,740	8,161,441	58.7	—63,794	7,513	3,224	3,216
Royal	10,099,115	5,906,900	59.0	—46,172	5,437	2,333	2,327
Royal Standard, Ark	32,142	17,236	53.5	30,149	7	4	19
Safeco	34,679,272	18,102,818	52.3	7,778,914	16,116	6,753	11,808
Safeguard	6,458,610	3,820,827	59.2	1,135,552	3,237	1,350	1,870

La. Allows 50% Surcharge For Auto Risks That Don't Want Assignment

With safe driver plans moving into the field of preferred automobile risks on one side and assigned risk plans growing too rapidly at the other, in between lies an insurance area which needs—and is likely to get—more and more attention. Methods by which the underwriter can deal with this intermediate market and live with it are being tried and discussed.

The merit rating plans theoretically should accommodate all of the risks that fall short of assignment and many now being assigned. But the plans have not yet proved that they will do so. The use of an operator's policy is another method which is under experiment.

Still another means is the one just approved by the casualty and surety division of Louisiana insurance rating commission. Insured in that state who cannot get auto BI and PDL in the regular market may now pay a 50% surcharge. Louisiana has had in effect since March, 1959, an optional rating rule for auto PHD. The applicant for PHD, unable after diligent effort within 60 days to buy PHD insurance at manual, upon signing an "extra PHD premium statement" has been able to pay a 50% surcharge.

Now the motorist may proceed similarly in an effort to get BI and PDL. Quite often applicants for auto liability are willing to pay premiums higher than manual in order to stay out of the assigned risk plan, or to obtain limits of liability higher than those obtainable through the plan.

According to the casualty and surety division, "there is a large possibility that a rates-in-excess-of-standard procedure for automobile liability might benefit both hard-to-place risks and the Louisiana insurance industry. A by-product might be a reduction in the number of risks assigned through the Louisiana AR Plan." (Louisiana does not have the safe driver plan.)

The extra auto premium statement must be signed by both the applicant and the producing agent.

	1959						
	Total				000 Omitted		
	Earned Prems. $	Incurred Losses $	Loss Ratio %	Incr. or Decr. in Prems. $	BI Earned Prems. $	PDL Earned Prems. $	PHD Earned Prems. $
St. Louis F.&M.	2,116,659	1,101,586	52.1	243,045	—	—	2,116
St. Paul F.&M.	45,200,133	24,842,148	54.9	4,801,513	19,010	9,568	16,621
St. Paul Mercury	5,022,237	2,760,239	55.0	—748,994	2,112	1,063	1,846
San Jacinto	1,233	2,532	205.6	—15,621	—	—	1
Sea	834,931	463,812	55.5	24,931	354	117	362
Scottish Union	691,350	355,408	51.3	33,939	—	—	691
Seaboard F.&M.	317,818	158,548	49.8	—47,745	—	—	317
Seaboard Surety	288,657	201,554	69.7	37,382	149	77	61
Secured	1,978,485	932,537	47.3	—510,191	723	469	784
Security General, S.D.	716,322	393,331	54.8	146,447	239	141	334
Security General, Tex.	111,189	44,225	39.8	—7,827	40	25	45
Security, New Haven	2,525,954	1,258,704	49.6	—322,527	717	291	1,517
Security, W. Va.	88,129	66,453	75.3	—11,338	—	—	87
Security Natl., Dallas	120,875	57,335	47.7	—3,095	41	25	53
Selected Risks, N.J.	9,182,918	4,785,405	52.1	841,700	4,528	2,357	2,296
Selective, O.	1,773,471	1,011,125	57.0	—142,446	888	499	385
Sequoia	1,589,824	693,283	43.8	408,033	770	318	500
Service Casualty	10,630,683	5,515,180	51.9	—150,019	—	—	10,630
Service Fire	28,307,032	15,331,533	54.0	—2,537,963	—	—	28,307
Shamrock Casualty	1,918,510	1,344,601	70.0	437,802	1,664	240	13
South Carolina	1,474,343	819,849	55.6	314,631	67	36	1,370
South State	640,217	351,864	54.8	126,032	—	—	640
Southeastern Fire	3,255,561	1,824,810	56.0	182,219	80	49	3,125
Southern American	115,526	85,685	74.4	5,526	—	—	115
Southern Farm Bur. Cas	18,727,072	10,361,566	55.1	1,329,301	8,811	3,802	6,112
Southern F.&C.	1,716,935	934,283	54.6	—122,074	753	400	563
Southern General	1,204,012	783,101	65.2	—402,987	535	298	369
Southern Guaranty	516,911	264,741	51.1	155,894	218	123	175
So. Home, S.C.	2,673,292	1,504,487	56.2	689,386	1,145	714	813
Southern, Texas	2,596,384	1,463,344	56.4	842,824	—	—	2,596
Southwest Casualty	267,410	151,884	56.5	660	99	54	113
Southwest Gen.	138,661	123,174	89.0	—85,339	84	13	41
Southwest Unds.	34,894	12,539	35.9	8,904	—	—	34
S. W. F.&C., Tex.	1,407,534	679,898	48.5	—11,401	514	339	553
Southwestern	1,250,043	611,435	48.9	265,290	24	13	1,212
Southwestern Indem.	611,734	371,996	60.6	208,734	130	99	382
Springfield F.&M.	10,768,101	5,832,881	54.4	419,131	4,435	1,864	4,467
Standard Accident	31,124,783	17,090,316	54.6	—2,097,204	19,684	5,965	5,475
Standard Cas., Tex.	1,356,197	643,077	47.6	77,889	—	—	1,356
Standard Fire, Ala.	93,549	44,302	47.4	—11,959	—	—	93
Standard Fire, N.J.	120,944	78,494	65.3	21,808	—	—	120
Standard, Tulsa	3,145,579	1,885,548	59.8	733,795	1,322	649	1,173
Standard Marine	843,814	474,472	56.2	—369,660	359	150	333
Standard National	219,153	192,965	87.7	—217,847	69	33	116
State Capital	370,455	258,111	69.6	—46,777	107	55	206
State F.&C.	38,251	11,606	30.3	13,584	—	—	38
State Security, Ill.	90,610	55,301	61.0	82,643	33	20	36
State-Security, Pa.	46,244	22,920	49.5	3,575	—	—	46
Statewide, N. Y.	1,077,270	597,578	55.7	378,913	777	229	70
Stuyvesant	9,826,749	4,908,239	49.9	4,491,110	2,010	836	6,980
Suburban Cas., Ill.	1,988,586	1,075,724	54.0	153,949	955	422	610
Superior Auto	1,339,472	597,372	44.9	444,241	—	—	1,339
Sun, N.Y.	3,851,622	2,472,554	64.1	—302,156	1,653	612	1,585
Sun, London	3,851,622	2,472,554	64.1	—302,156	1,653	612	1,585
Superior, Tex.	4,942,782	2,382,754	48.0	—3,367	1,763	1,051	2,127
Surety National	885,893	525,548	59.4	459,311	347	210	327
Swiss National	198,788	61,363	31.0	—31,340	52	95	51
Swiss Reinsurance	9,971,324	6,043,178	60.5	1,285,902	6,792	1,845	1,332
Switzerland General	207,467	121,266	58.5	102,194	—	—	206
Texas Casualty	1,139,456	540,503	47.8	76,277	418	278	442
Textile	901,557	421,170	46.7	33,103	504	297	98
Thames & Mersey	1,541,850	901,819	58.8	—7,049	830	356	355
Tokio Marine & Fire	91,951	53,410	58.1	37,951	—	—	91
Town & Country	107,957	69,054	64.4	11,760	33	19	55
Traders & General	3,860,428	2,115,524	54.6	301,859	1,477	928	1,453
Transatlantic Reins.	281,796	140,686	49.8	72,699	7	26	248
Transcontinental	574,798	243,817	42.3	415,420	7	2	563
Transit Casualty	7,791,875	4,417,213	56.6	1,995,488	6,320	1,245	225
Transport Indemnity	6,230,141	4,376,233	70.1	221,238	3,985	1,581	663
Transport, Dallas	5,287,531	2,897,742	54.6	1,269,404	2,909	1,519	858
Transportation, Ill.	1,034,077	413,629	40.1	—	413	192	428
Travelers Indemnity	186,833,290	110,109,215	59.1	22,620,122	69,770	55,940	61,121
Travelers	66,186,681	47,099,419	71.1	—12,547,499	66,186	—	—
Trinity Universal	13,125,792	5,764,590	43.9	1,187,798	5,523	2,860	4,741
Tri-State	1,428,371	812,107	57.1	—490,656	580	360	487
Twin City Fire	348,639	186,208	53.4	37,435	—	—	348
Twin States, N.C.	1,823,428	1,143,048	62.6	214,451	—	—	1,823
Underwriters, Chicago	25,575	—2,883	—	—67,590	—	—	25
Union & Phenix Espanol	9,119	2,815	30.8	2,510	3	1	4
Union, England	916,049	544,650	59.4	77,049	456	195	264
Union of America	7,261	6,801	93.6	—82,518	—	—	7
Union Reinsurance	78,092	93,879	120.2	—7,372	15	8	53
United Benefit Fire	1,288,798	706,234	55.1	376,247	593	277	418
United F.&C., Ia.	2,292,436	1,146,965	49.7	—85,545	901	542	848
United Pacific	10,399,792	5,201,960	50.4	907,907	4,681	2,423	3,295
United Public	1,883,204	1,190,568	63.2	335,595	727	408	747
United Security	5,370,596	3,229,829	59.9	735,526	416	213	4,740
U.S. Casualty	10,894,225	7,248,190	67.0	—1,275,524	6,988	1,906	1,998
U.S.F.&G.	111,721,357	62,162,905	55.9	7,728,128	55,222	25,897	30,600
U.S. Fire	12,012,141	7,179,174	59.6	1,712,905	4,974	2,181	4,856
Unity F.&G., N.Y.	486,099	250,055	51.4	—170,901	206	73	206
Universal, N.J.	1,552,244	840,137	54.2	—123,227	680	223	648
Universal Security	546,883	304,302	55.6	—30,443	—	—	546
Universal Underwriters	6,108,030	3,191,764	52.3	1,526,407	2,078	1,230	2,798
Urbaine Fire	44,998	17,864	39.6	—	19	5	20
Utah Home Fire	702,478	382,744	54.4	16,522	220	115	367
Utilities, St. Louis	1,104,199	532,929	48.3	—14,778	588	287	227
Valley Forge	6,655,125	3,771,786	56.7	1,025,177	3,261	1,654	1,740
Vanguard	3,185,880	1,680,750	52.8	639,758	1,166	681	1,338
Vernon F.&C.	695,317	314,834	45.2	122,966	421	273	—
Vigilant	1,391,554	770,507	55.4	41,133	590	196	604
Virginia Surety	1,897,692	1,014,920	53.4	270,492	1,030	515	351
Wabash F.&C.	2,715,480	2,171,387	80.1	171,764	1,315	652	747
Washington F.&M.	2,116,659	1,101,586	52.1	243,045	—	—	2,116
Washington Gen.	166,441	94,517	56.9	42,441	—	—	166
West American	3,431,104	1,590,363	46.3	2,041,104	1,582	752	1,096
West Pioneer, Cal.	1,647,421	764,360	46.6	209,489	745	374	527
Westchester	6,041,612	3,605,512	59.5	838,434	2,487	1,087	2,466
Western Alliance	786,945	441,095	56.1	—17,029	327	226	233
Western Casualty	15,480,212	8,409,386	54.5	1,345,272	9,901	5,578	—
Western Fire & Indem.	527,542	276,067	52.3	—65,607	179	121	226
Western Fire	11,850,325	6,045,221	51.1	1,295,469	1,104	469	10,276
Western Stand Indem.	143,940	101,394	70.6	—101,015	44	39	60
Wolverine	13,186,102	6,385,308	48.6	992,048	3,889	2,557	6,738
Workmen's Auto	124,790	32,168	25.9	—10,210	—	—	124
Worth, Ft. Worth	200,497	119,743	59.5	44,563	43	34	123
Yorkshire	3,195,026	1,998,716	62.3	—597,735	1,809	754	631
Zurich	30,440,529	17,714,260	58.2	138,230	17,191	7,636	5,612

Bureaus Seek Auto Rate Changes In Fla.

National Bureau has filed for average statewide auto liability increases in Florida of 11.8% on private passenger cars, 15.7% on commercial cars, and 13.6% on broad form garage risks.

A NAUA filing would reduce PHD rates on private passenger cars an average of 14% for $100 deductible, and about 1% for comprehensive and $50 deductible. On commercial cars, comprehensive rates would go down about 10% on vehicles operating within a 50 mile radius, and about 15% to 17% on those used beyond that scope.

The two bureaus concurrently filed their special policy and safe driver plan in Florida.

Three Executives Look At Next Insurance Decade

(CONTINUED FROM PAGE 15)

the personal contribution the independent producer can make to the sale, Mr. Harris said. If he gears himself to the changing needs and demands of his clientele, he will find that he "is more than a match for any merchandising system that confuses price with progress, and neglects the vital human equation which is at the very heart of our new economy."

Mr. Flanagin said that his company's agents, mostly mixed, offer mutual facilities for competitive purposes. However, the underwriting area in which mutual companies generally can produce this result must of necessity be somewhat more limited.

Mutual agents therefore give up something in the way of the broadness of market to gain a cost advantage which enhances their ability to sell the more desirable portion of the market. This he believes an important advantage and one which will become increasingly important in the 1960s.

Mr. Flanagin said he is extremely bullish on the future of the agency system. A man can start with no investment in plant or inventory and through his own effort build a substantial business and a reputation in his community. The opportunities to build profitable agencies from scratch are as great today as 25 years ago.

Yet serious problems do exist, he conceded. First, competition is steadily increasing. People are becoming more cost conscious in the purchase of personal and commercial insurance. Captive agency companies have taken a sizeable proportion of the personal account market. Life companies may enter fire and casualty.

Cost Is Important

Second, what is the sales effectiveness of multi-company agencies, what is their ability to sell and market the product efficiently? Cost is important. But Mr. Flanagin believes that often it is overemphasized. He suspects some companies that are believed to sell solely on cost actually sell because they do a more thorough and effective job of telling their story.

There are only two ways to improve the competitive picture from a cost standpoint: Improve the loss ratio or the expense ratio. To compete on underwriting the company needs the complete cooperation of the agent who knows the people in his locality and must be the front line underwriter. Also, the company must have complete information on every risk. The signed application is a chore, but competitors are securing completely factual information. Then, too, agents must recognize that accommodation business too often is loss producing and cuts down the company's ability to compete successfully.

Too Much Duplication

As to expense, there has been too much duplication of work between agency and company. Automation, the new electronic computers, and the increased mechanization of operations hold real promise in this field. Beyond that, his companies are placing emphasis on cost controls throughout the entire operation and have made real progress in lowering costs.

Monthly payment plans increasingly will become important in the months and years ahead, Mr. Flanagin said. Merit rating may help in states with complete accident and violation records. However, where this is not the case, cheating is apt to become prevalent. New York has a preferred risk rating plan. On the actuarial drafting board this was supposed to produce a penalty for a minimum of 10% of all risks. Right now about 3½% are paying a surcharge. What happened to the others? One way or another, they have avoided the intended penalty for poor driving.

Mr. Flanagin questions whether merit rating or the package policy will prove to be quite the panaceas their proponents expect. But much can be done to improve both loss and expense results. Eight years ago his group developed machine processing

of renewals but with renewal notices distributed to agents for billing policyholders. This has proved effective in reducing agency costs. For 14 years one of his companies has provided a direct billing vehicle which provides economies for agent and company. This plan is being expanded.

Areas deserving particular attention are free insurance, flat cancellations, selection and classification of risks and the processing of new and renewal business, he said.

How Direct Writer Works

As to sales effectiveness, he said he had reviewed the results of one office operated by a leading exclusive agent company. One of its district offices has 10 agents. All but three are required to sell 20 new auto policies a month. Each month each man is required to get back three to 10 auto policies the company previously has lost and upgrade four to 12 auto renewals. In addition, each is required each month to sell four to six fire and EC policies plus one or two homeowners. In the first two months of 1960, all but two of the men were on quota for some portion of their automobile goals. All but three were on quota for some portion of their fire and homeowners goals. The best automobile producer in this office, in the business a year, in January and February wrote 73 new auto policies, reinstated 13 previously lost and upgraded 50.

Of course, he said, many agents have a sizeable clientele that requires a lot of time. Doesn't this in itself suggest that a crying need is to add young men? The number of new men licensed by the New York department is 45% less than it was four years ago. In 1956 the number was 28,691, in 1959 it was 15,922.

Competition Is Stiff

Competition for young men is stiff, he said. To attract them to the selling, agency side of the business, it is necessary to offer them training and opportunity for progress. The image of insurance sales work in the typical young man's mind must be changed to make it clear that this is selling work which requires technical skill, judgment and reliability and which should have and is rapidly achieving status at the highest level in the business community.

Better advertising is needed to presell new prospects. Agents need to step up their advertising and merchandising efforts.

Better training is needed not only in coverages but also in sales and selling. Agents must do as effective a job in prospecting and in selling as their competitors. Account selling methods need improving. Most agencies have a gold mine among present policyholders on which they can and should capitalize.

One of the most encouraging signs in the present situation is that increasingly agents are awakening to the seriousness of the competition they are encountering and working on a cooperative basis to try to meet and solve these problems, Mr. Flanagin concluded.

Case For All Lines

All lines insurance permits the policyholder to wrap up all of his insurance in a single package, buy it from a single agent and pay for it with a single monthly check, Mr. Rennie said. It helps to eliminate gaps in family protection and, at the same time, prevents excessive duplication of protection.

This approach is the best way to make sure of satisfying legitimate, unfilled insurance needs rather than contrived needs created in order to sell a particular coverage. Each line of insurance will receive its proper share of the policyholder's premium dollar. Too often today, each line is competing for the maximum amount of that dollar it can get, and the family's insurance program is a lopsided, jerry-built affair. The family account permits a functional approach to insurance marketing by examining the total needs of the family unit.

All lines is good for the agent because he no longer has to be concerned solely with commission percentage by line but with total net income from insurance sales. Most Nationwide Mutual agents who have adopted family account selling find their incomes substantially higher than the agent-specialist whose commission scales on specific policies are often double his own. Above all, he has far fewer questions about his genuine contributions to the welfare of policyholders and their ability to meet all the contingencies of life.

The day may be rapidly approaching when the agent who sells only property or only life insurance will be an exception, Mr. Rennie suggested. All lines insurance will also permit the agent to adjust the family program to meet different needs at separate stages of the life cycle. In this manner, the agent can increase the persistency of his business and reduce the competitive inroads of other agents.

Legislation Is Likely

All lines insurance groups now write one-fifth of all insurance premiums. Mr. Rennie thinks legislation is likely

to permit life companies to own fire-casualty insurers.

The economies of electronic data processing inevitably will shift all accounting and premium billing and collection functions to the companies, regardless of their current methods of distribution. The startling electronic innovations of the future are likely to be in the insurance marketing area. These techniques can be used to develop scientific solutions to the problems of identifying, locating, enumerating and appraising the best prospects for insurance services. Also, they can identify the potentially most productive agent, determine the optimum size and geographic distribution of the agency force, and bring agent and prospect into contact most economically and effectively.

Management By Exception

When the manager can have in the morning a complete summary of the previous day's operation on his desk, he can manage by exception. Normal performance standards having been set for agents, the insurer needs to be concerned only with failures to meet standards. Automation can take over the huge burden of routine administration and leave executives free to do what they are supposed to do—make decisions, something a machine cannot do.

List Reasons For Mergers

Among major reasons for insurer mergers are:

—To reach more people who have developed policyholder loyalties to certain agents and insurers. Growth rather than profits is the major objective of most companies. Purchase or merger of companies offers the fastest method for an insurer to secure rapid growth. Many policyholders have formed firm loyalties to a particular insurance company or a favorite insurance agent. Whole blocks of potential business are solidly tied up this way, almost regardless of rate levels. The only way to acquire this business is to purchase or merge with the company which controls it.

—To help recruit more and better qualified agents. Consolidation of companies will not only increase the agency force directly, but it will give the new company greater resources to train and recruit new men. To the extent that the consolidated companies can increase their range of insurance services, they can also increase the income incentives for new men.

Prevents Loss Of Agents

—To prevent present agents from being lost to other insurers. Consolidation helps give the companies the size and the prestige which will help to maintain the loyalty of their present agency force.

—To provide better service for individual policyholders through all lines programs.

—To provide better service for commercial clients through one-stop service on group and commercial policies.

—To make better use of large-scale electronic computers for data processing.

—To spread management risks and level out year-to-year operating results through diversification.

—To secure economies of larger scale operations and spread of overhead expenses.

—To secure better staff work on research, investment, sales and actuarial programs.

—To aid in manageent development programs by creating better job opportunities.

Mr. Rennie commented that qualified observers believe the U.S. economy is now "replete with built-in inflationary bias." They point to the strong emphasis on full employment, escalator wage clauses, the tax structure, heavy expenditures for defense, cost-plus contracts, parity prices, subsidies, government borrowing from commercial banks, and clamor for more economic growth to keep up with the USSR—all of which produce strong inflationary pressures. Public recognition of these facts has been reflected in the phenomenal growth of mutual funds and in increased individual participation in the stock market, as well as in the uninsured pension field.

Nationwide Mutual was the first insurance group to undertake a program

to meet this need, Mr. Rennie said. Mutual Income Foundation was acquired, and the group's agents have been licensed to sell its shares. A variable annuity retirement plan has been introduced for employes. National Services has been incorporated to provide broad actuarial and administrative services for the pension market. The individual annuity line has been developed in the life company to complement the facilities of the mutual fund.

Mutual funds are a natural supplement to life insurance, he said. Every person faces two contingencies, he may die too soon or he live too long. Life insurance protects him against premature death; annuities against economic death, or the risk of outliving his income.

No Effective Substitute

There can be no effective substitute for life insurance as protection against premature death. Most sales efforts are beamed in this direction. Less than 10% of the amount of life insurance purchased is in the form of endowment or retirement income policies.

But the need for retirement income protection is increasing. Antibiotics and medical science have substantially increased life expectancy. Here is where the mutual fund program enters. Very few people 45 years of age or over purchase much life insurance. The latest figures indicate that only 9% of the policies and 12% of the amount of ordinary life insurance purchases are made by people over 44. Yet, in that same year people in these age brackets received more than 40% of the total money income of the country. If the objective is to help people meet their financial needs in old age, there is an obligation to supplement life insurance with mutual funds and other retirement savings facilities.

Mr. Rennie noted that Investors Diversified Services, the distributor for several funds with more than $2 billions in assets, has started Investors Syndicate Life to sell life insurance through its mutual fund sales force. National Life of Canada, in which Glens Falls owns a controlling interest, has purchased a 30% interest in Mutual Funds Management Corp. of Vancouver. Channing Corp., a company which has supervisory interest in six mutual funds, has bought majority stock interest in Wolverine group.

Agent Can Sell Mutual Funds

Mr. Rennie said his group believes that the insurance agent is the best trained person to sell mutual funds. He has been trained to plan the savings, the life insurance and the retirment income of families. He understands family needs at all ages. If he has both services to offer, his own interests will coincide more closely with the interests of the client. He is under no constraint to lead the prospect toward one product in preference to another. The professional family financial counsellor, selling all lines of insurance and mutual funds, will be the dominant figure in tomorrow's distribution picture.

Mr. Rennie predicted that historical differences, including rate differentials, between the agency companies and the exclusive agency companies will be sharply decreased in the next few years. Automobile specialty companies will seek to reduce their dependence upon this line of business.

Leadership in the insurance business will be assumed by companies that place the welfare of policyholders foremost in their plans and policy changes.

Foisey And Abrams Are Advanced By American

American has advanced Edward A. Foisey from special agent in Indiana to fire manager at Indianapolis. Frank M. Abrams Jr. has been promoted from special agent at Cincinnati to bond manager there.

Mr. Foisey began his insurance career in 1946 as an inspector with Indiana Rating Bureau. In 1950 he became a field man with Marsh & McLennan in Indianapolis, and in 1951 he joined Loyalty as state agent in Indiana. He became special agent of American there in 1956.

Mr. Abrams was in the field with U.S.F.&G. and with North America before joining American in 1953 as special agent in Cincinnati.

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Gains For Pacific Indemnity

First quarter results of Pacific Indemnity show an increase in net premiums of 30%, the total being $10,850,624. Earned premiums of $9.5 million compare with $8.3 million in the corresponding period last year.

Underwriting operations showed a statutory profit for the quarter of $283,919, or $1.18 a share, compared with a loss of $982,791 or $4.10 a share last year. Combined loss and expense ratio was 92.4. Combined underwriting and investment operations produced a net profit in the quarter of $688,475, equal to $2.87 a share.

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Hartford Fire will close all its offices in the U.S. and Canada June 27 in commemoration of the company's 150th anniversary. This will give 12,000 staff members an additional three-day weekend in 1960.

National Union Names Shields Assistant V-P

National Union has elected F. J. Shields assistant vice-president in charge of marine lines. He joined the group in 1938 and was marine manager at Chicago until 1950 when he was transferred to the home office as manager of the marine department. He was elected assistant secretary in 1952 and secretary in 1956.

F. J. Shields

Two assistant secretaries were elected: J. F. Roath and W. J. Schmezer. Mr. Roath will be active in New England and the territories of Southeastern Underwriters Assn. He was superintendent of fire underwriting of Caledonian before joining National Union in 1958.

Mr. Schmezer will handle the middle department territory and New York. He joined National Union in 1940.

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IIHS Adds Three In Traffic Safety Posts

Insurance Institute for Highway Safety has added three consultants to its staff. James Latchaw will specialize in law enforcement; John E. Smiley in accident records, and William J. Toth in public safety education.

Mr. Latchaw had been with Iowa Safety Patrol since 1939, with the rank of lieutenant since 1957. Mr. Smiley had been chief of the research and records section of the bureau of traffice safety of the New Jersey Division of Motor Vehicles since 1952. Mr. Toth had been on the staff of the Center for Safety Education of New York University, most recently as administrative assistant to the director and as assistant professor.

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Report On Senate Inquiry On Insurance Ready Soon

WASHINGTON—The report of the Senate anti-trust and monopoly subcommittee as a result of its investigations into insurance competition and regulation now is going the rounds of its members. Donald P. McHugh, counsel, expects the report to be released in approximately two weeks. It will cover the hearings up to but not including the sessions on surplus lines and foreign insurers.

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Richmond Insurance Women Elect

Mrs. Edyth I. Wilkerson, Issacs-Wilkerson agency, has been elected president of Insurance Women of Richmond. Other officers are: Mrs. Jeannetta Hall, E. D. Turner agency, vice-president; Mrs. James B. Martin, St. Paul F.&M., recording secretary; Mrs. Mary Lucy, Utica Mutual, corresponding secretary; Stella Johnson, Tabb, Brockenbrough & Ragland agency, treasurer, and Mrs. Patricia E. Rose, Agricultural, parliamentarian.

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Mathews & Livingston and the **Louis Rosenthal** agencies of San Francisco have consolidated under the title Mathews & Livingston. The Rosenthal companies—Hartford Fire, L.&L.&G., Switzerland General and Thames & Mersey Marine, have appointed Mathews & Livingston as agents in addition to their present companies, Queen, Fidelity-Phenix and Maritime.

The two agencies specialize in marine coverages.

Voices WC And Health Insurers' Fears Of Relative Value Studies

If insurance companies want stability of medical costs for underwriting and claims purposes, they may have to accept a degree of uniformity in physicians' charges whether care is provided under health, workmen's compensation or other types of policies, W. Scott Allan, assistant vice-president of Liberty Mutual, said at the annual Mutual Claim Conference at Chicago. The three-day meeting was sponsored by National Assn. of Automotive Mutual Insurance Companies and National Assn. of Mutual Casualty Companies.

Surveys Changes

Mr. Allan surveyed changes in medical economics that evolve from "relative value" studies being conducted by medical societies. "In general, health insurers support the concept of relative value studies because possibly they might be helpful in bringing some order out of the chaotic situation of medical costs under both individual and group health insurance coverages," Mr. Allan said. "It is believed the studies provide the insurance industry with a criterion of what, within a relatively narrow range, is going to be charged for a particular procedure.

However, not all the insurance people are optimistic about the studies, he said. Some fear that doctors will resent any effort to regiment them in terms of fees and will react to the detriment of those who seem to support such efforts. Others believe the adoption of relative value studies and schedules would result in an immediate increase in fees, or would tend to equalize fees in large metropolitan areas and small towns and of specialists and general practitioners. This further inflation of medical costs would make private health insurance prohibitively expensive. There is also the fear of possible legal or anti-trust implications inherent in widespread use of the schedules.

Alarm At Value Studies

In workmen's compensation, Mr. Allan said, insurers have viewed with considerable alarm the relative value studies, and particularly the conversion of any studies into suggested or standardized schedules of basic fees. Workmen's compensation insurers traditionally have been sensitive to anything which would tend to sharply increase indemnity and medical costs.

Mr. Allen said relative value studies and the fee schedules which might develop from them are "imperfect vehicles for complete control of medical cost," but prodded by public reaction to rising medical costs on one hand and threat of governmental intervention on the other," both medicine and insurance are seeking avenues by which these pressures may successfully be resisted." Both are convinced that the best answer lies in continuing American medicine and insurance within private enterprise, carefully preserving the rights of the individual, the professional integrity of the doctor, and the financial responsibility of insurance.

"We are witnessing the emergence of insurance as a public service business rather than merely a financial and legal protective mechanism. Insurance people and policyholders have a stake in disability, whether related to occupational or non-occupational illness or injury. Control of both extent and cost of disability has become our job, especially that of claims personnel. In carrying out our responsibilities we need and want active support and cooperation of medicine," he declared.

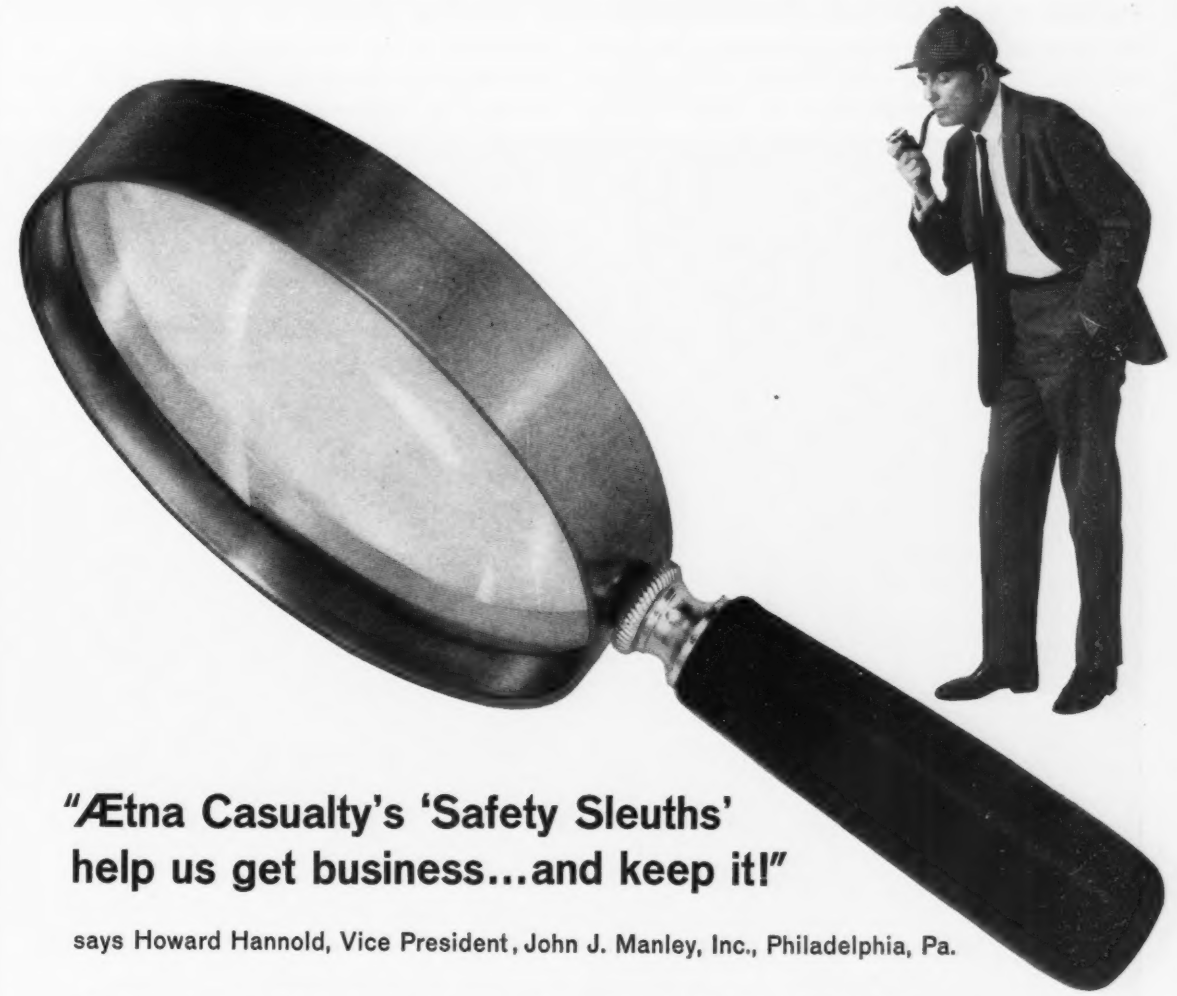
"Probably the most promising thing which has developed out of relative value studies," Mr. Allan concluded "is the basic conviction of organized medicine that it must do something about the matter of medical costs, particularly in relation to any abuses created by the very existence of insurance plans. Another encouraging factor is that medicine has sought the support of insurance in its efforts. Regardless of what the future of relative value studies may be we have established a constructive working relationship with medicine and a common understanding of the problem of disability cost and the need of controlling that cost."

National Casualty Names Johnson Detroit Manager

National Casualty has appointed Fred W. Johnson manager at Detroit. He has been in the business since 1955.

Okla. City Hail Loss Report: 82% Inspected, 57% Already Closed

National Board reports that approximately 82% of all reported losses resulting from the hail and wind storm that struck the southern part of Oklahoma City on April 28 have been inspected and 57% of them already closed. Of the more than 19,000 losses reported, approximately 11,000 have been closed and 15,600 inspected as of May 28.



Effect Of Current Changes On Well Operated Agency

(CONTINUED FROM PAGE 2)

agency of this type cites as examples:

1. Record keeping, bill preparation, collection of premiums. What is the well operated agency to do? Throw out its bookkeeping system, which it contends is prompt, accurate and efficient—perhaps more so than that of most of the companies it represents? One such agency recently checked a company account, six months old, and found it several hundred dollars out of gear, in the company's favor. The company computer had misplaced a policy number by one column.

2. Marketing in general—advertising, selling, and account development that often includes life and A&S. Having built a clientele of 4,500 by advertising, personal contacts, and continuity and quality of service, is the agency now to turn over the function to the insurers that encouraged it to do just this (or left the field entirely unoccupied so that the agency did it or no one did)? For more than a generation many of its customers have looked to the agency for guidance, advice, coverage and counsel. Can they now turn to anyone else, a company representative, say?

3. Underwriting—the selection of responsible clients who respect their property, are aware of the liability risks they run, pay their bills, and whose families may provide the agency an occasional problem with the under 25 driver but who are neither adult delinquents nor breed and cosset juvenile delinquents. If the agency has underwritten its business with good results for insured, agency and company, is it now to stop underwriting and rely on companies to do all of it? In the emphasis on marketing, what if both stop doing it?

Competing With Own Insurer

One agency that has always tried to underwrite, occasionally declines to renew coverage on property that is being allowed to run down because a thruway is going to cross the property or for some other reason. The company previously on the risk has other agents in the area. (One agency company has 76 agents in the town.) On occasion insured finds an agent to write the business in the same company. Then insured delights to visit the agency that turned the business down and wave the policy under the agency's collective nose. This has become so embarrassing that the agency now prepares an underwriting memo in such cases. The memo is furnished to the company's head office, with a carbon to the chief local representative of the company.

This agent plaintively observes, "not a single one of our companies has given any indication that it differentiates between our agency and the one-man or half-man agency whose bookkeeping consists of hand-written memos and entries on the backs of old envelopes. Not only do many companies fail to differentiate between one agent and another, one agency operation and another. There are indications that they have not yet even thought of doing so. This is surprising. Yet isn't a realistic analysis of distribution facilities necessary before a company can properly plan any major change in its marketing program?"

Perhaps the failure to differentiate between important and unimportant production units is producing new alignments, new relationships in the business today. Not with this agency. Its principals feel a strong sense of loyalty to the companies with which they have worked for many years. There have been no replacements—yet.

Are All Necessary?

As to rate and coverage changes in recent times, this agency believes more have been made than have been necessary.

Currently the agency is handling three automobile plans—the family auto policy at regular rates, family auto with merit rating, and auto package policy with merit rating. It has two homeowners—1958 and 1959, with some A and Bs left over. It is dealing with two new burglary manuals. All these and others were introduced within a period of 18 months.

The agency feels a strong responsibility to the 4,500 accounts on its books, most of which represent personal business. With every change in coverage and rate, it is necessary to check almost every insured. The agency believes it should explain the changes and make modifications where they are to insured's advantage, including the refund of premiums (and commissions). It can't wait till expiration to act. If it does, competitors (every other agent in town) will take business away from it.

The agent keeps a record of the reason, or reasons, why insured bought the coverage in the first place. The very coverage that attracted the customer may be the one that has been

odified in the revised edition of the licy. So as a defensive procedure non-creative paper work) the agency ow writes every insured affected by y change. Memos and letters which ecord the reasons for the original purhase by each insured are kept and hecked, and the mailing specifically alls attention to these reasons. The ailing tells insured the agent will et around to explain the changes as oon as possible. However, the communication notes, "If you need to now immediately, please return the rm at the bottom of this letter, and e shall get in touch with you immediately."

0 Mile Trips

A surprisingly large number of the nsured return the form or telephone. One of the agents generally makes a ersonal visit. Modern cities are geographically large. Many of the agency's clients live in the suburbs. The isit may involve a 40-mile round trip by automobile. When the agent arrives, insured often indicates that all he wanted to know is how the changes affect him—he is concerned, but it is not an emergency matter.

The alternative to this or a similar procedure is to leave clients to the ender mercies of a competitor. "You mean that A&Z agency didn't tell you about this important change?" Or, "Do you mean to say that a firm like A&Z wouldn't take the trouble to explain these things to a good customer?"

Competitors are much alike, whatever the kind of company they represent. They want the business, and every change is an opportunity to get it.

This agency has had to put on two additional employes at $350 a month each to do nothing but shuffle papers because of changes in cost and coverage. For two years the agents in the firm have had little or no time "to get out and sell new business." They have been busy telling clients about the changes the companies have been making.

Thus, this agent observes, for the agency already operating at full capacity—and growing—the very changes that companies have been making to enable them and their agents to sell more business have operated to prevent them from doing so.

This agent's plea to the companies is: As soon as possible, settle on a product—and settle down.

Commission Level Down

The agency's volume has risen steadily over the years. For several years the commission level has declined. On some retrospective plans there are levels of coverage on which there is no commission. Automobile and homeowners commissions have come down in recent times. This agent is sympathetic with all of the competitive and other troubles of the companies, including money troubles.

But in the reduction of commissions, he wishes his insurers hadn't sought to justify cuts by saying that "this is a general problem and all agencies must be treated alike." They are not all alike, any more than companies are all alike. His objection to many of the new methods and marketing ideas being introduced is that they are aimed at curing practices of agencies which are not of this character.

Every agency has its own story to tell. It is inclined to emphasize its values—it is different. But here is an agency that can prove its point over the years, and there are others. This one has shown a volume growth every year, which reflects additions in manpower to build for the future. This is important to the agency. It is even more vital to the company. The agency has underwritten for profitable results to the companies. It uses field men very little—it does its own selling, rating, and general inspecting of properties except for the largest and most complicated. It accepts no literature from the companies to use in marketing because it makes up its own. It pays for its own long distance calls. It pays for (and selects) its own entertainment. It has no overdue balances and provides no free insurance. It does its own cancelling.

Will Solve Problems

These problems are going to be worked out. To do so will take time, patience and intelligent cooperation of companies and agents. New ideas like computers and company billing are here to stay and competent agents can learn to use them advantageously. Even ideas not so new like budget plans—many agencies have had them for years—may be found useful. Programs of advertising, market research, and product design will prove their worth or fall by the wayside, with adaptable agencies using them or parts of them to help achieve company and agency goals—something such agencies have been doing for years.

It would help, however, if, in working out new plans, programs and patterns:

—Companies recognized the differences between agencies.

—Companies reduced major changes to the essential minimum and cut out non-essential changes altogether for a while.

—Companies designed and timed new procedure and method ideas to recognize that they are not starting new with new agents and clients but are superimposing on a functioning economic organism, in media res, new patterns that often run contrary to what has been done in the past, the past being day before yesterday.

Win American Motorists' Traffic Safety Contest

Cash awards totaling $2,625 will be shared by 26 high schools which won in the annual high school auto safety contest sponsored by American Motorists.

Twenty-four of the prizes went to high school newspapers and student journalists and five additional awards were won by schools having outstanding auto safety programs during the contest period. The five winners in the over-all safety campaign category were Jackson (Miss.) Murrah High; Kansas City Southwest High; Akron North High; Canoga Park (Cal.) High and Naches (Wash.) Valley High.

Zurich Names Kirk At Pittsburgh

Zurich has promoted Carl F. Kirk to branch controller at Pittsburgh. He has been with the company there since 1947, and prior to his appointment was office controller. Before joining Zurich, he was with Indemnity of North America.

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Allstate has made six executive appointments: Eugene W. Shrigley, accounting manager, and Bernice D. Cheatham, assistant personnel manager, both at Roanoke; William L. Turner, district sales manager, Dallas; L. Clark Biggs, district sales manager, Jackson, Miss.; Bruce D. Caton, policy service manager, Sacramento, and Philip Maiorca, assistant claim manager, Murray Hill, N. J.

NAIC Holds Profitable Working Meeting At San Francisco

(CONTINUED FROM PAGE 1)

U.S. Senate that is investigating the insurance business was furnished NAIC by Knowlton of New Hampshire, chairman of the preservation of state regulation committee. A draft of the subcommittee report on the aviation and ocean marine hearings and the analysis of the supervisory structure in the states, based on the answers to the first questionnaire sent to the states, has been given to subcommittee members. Mr. Knowlton said a second report, to be prepared later, will deal with hearings on rates, rating bureaus and state regulation of fire rates.

Subject To Redrafting

The report has not been adopted, Mr. Knowlton explained, and it is subject to redrafting. It is possible that it will not be made public until also adopted by the Senate committee on anti-trust and monopoly, but sufficient information about the details has become available to permit general comment on the contents.

Mr. Knowlton said the report is in three parts—one dealing with the analysis of the first questionnaire, another dealing with aviation insurance, and another dealing with ocean marine insurance.

Part I charges that the administrative capacity of many insurance departments is inadequate and supervision and control over many insurance operations are lax and ineffectual and that in numerous instances state statutes are too weak to guarantee effective regulation. Among other things it recommends higher qualifications for insurance department personnel and commissioners, longer terms of office for commissioners, and more opportunities for promotion within the departments. It also recommends more adequate staffs and larger budgets, together with more adequate examination procedures and more strict supervision over mergers.

Treat Aviation, Travel Covers

Part II states that state regulation of both aviation and air travel insurance has been completely ineffective in eliminating the restrictive market practices discovered by the subcommittee. It alleges state insurance officials, with limited jurisdiction, are unable to cope with the complex business conduct of the interstate and international aviation insurance business. This part of the report does not recommend legislative action pending the completion of the anti-trust litigation recently initiated by the Department of Justice against domestic aviation groups and rating bureaus but does recommend that if this litigation shows that the Justice Department is powerles to combat these restrictions, it may then be necessary for Congress to consider appropriate revisions of the laws.

Part III alleges that the American Hull Syndicate is a virtual monopoly in the ocean marine business and its restrictive practices appear to have a close kinship to acts or agreements of boycott, coercion or intimidation which may constitute violations of the Sherman anti-trust act. The report recommends a study by the Department of Justice which, when the study is concluded, will recommend such action as it deems necessary, including the possible repeal, revision or clarification of section 29 of the merchant marine act of 1920.

No Changes In PL 15

Mr. Knowlton observed that while the report does not recommend any immediate changes in the McCarran act, it does suggest the possible need of amendments in the future if, after the states are given further opportunity to improve their systems of regulation, it is conclusively shown that neither the states nor the federal government (in view of court decisions narrowing the scope of federal jurisdiction) can prevent or reach abusive practices which otherwise would be construed as violation of the anti-trust laws.

It is impossible to predict what the Senate subcommittee will do about continuing the investigation, Mr. Knowlton said. Counsel Donald McHugh has indicated that further hearings may be held on such subjects as the question of whether mergers tend to restrict competition and create economic monopoly, the effectiveness of regulation over mail order A&S companies. Sen. O'Mahoney has announced he will not seek reelection and time only will tell what effect this may have on the continuance of the investigation.

NAII Proposes Model Bill

The Gerber subcommittee that is reviewing fire and casualty rating laws and regulations had as the main item at its meeting the reading by Vestal Lemon, general manager of National Assn. of Independent Insurers, of the NAII proposed model rating bill. Nobody had anything to say, pro or con

and the proposal was made part of the record.

When the subcommittee made its report to the parent rates and rating organizations committee, the recital was so brief as to prompt McConnell of California, the committee chairman, to ask if there weren't something that could be added to make the record reflect the hearings in Chicago, New York, Birmingham and San Francisco. So Mr. Gerber made a suitable addition.

The future plans of this committee are to "make a comprehensive study of the statements and questions and the answers as reflected in the transcripts plus the analysis of questionaire #2. The subcommittee results and recommendations will be presented at the forthcoming NAIC December meeting."

Failing to secure cooperation from Airport Operators Council or Federal Aviation Agency in an effort to reduce rental charges paid at airport terminals by insurance companies, the NAIC subcommittee on that subject recommended at San Francisco that states take one or more of four courses of action "where necessary, according to what may seem appropriate in the circumstances."

Report Reflects Hard Work

The subcommittee, headed by Pearson of West Virginia, offered a far above average report, containing documentation and a history of what has been done in attempts to solve the problem. Airport Operators Council, Washington, didn't answer the subcommittee's letter asking for a meeting, and Federal Aviation Agency took the position that since the contracts between the airports and the insurers were voluntary no problem exists.

"This subcommittee regrets the silence on the part of Airport Operators Council and finds the. . . . Federal Aviation Agency letter difficult of understanding so long as minimum flat or percentage guarantees are demanded by airports in bid offerings otherwise," Mr. Pearson said in his report.

The subcommittee observed that, "without foreclosing the possibility of solution of this problem by voluntary action of airport operators and insurers," certain corrective measures are available:

1. Strict rate regulation of air trip insurance.

2. Withdrawal of approval of air trip insurance forms if the commissioner finds that the benefits are unreasonable in relation to the premium charged.

3. Hearing by domiciliary commissioner to determine the reasonable rent for a given location and to declare payment of rental in excess of such figure to be an unfair trade practice.

4. New York section 213 approach, setting an expense limitation.

The subcommittee on insurance problems in connection with installment sales and loans, which for some time has been faithfully recording auto collision classification data and reporting on the progress of the refund program growing out of overcharges on this coverage some years ago, went through the motions again at San Francisco, but came to the conclusion that the point has been proved by now, and so further reports of the progress of the refund program will be eliminated. These reports were mostly to show that NAIC was overseeing this program with zeal, but even the Better Business Bureau seems to have lost interest.

The "surveillance" of auto collision classifications will be continued on a once-a-year report basis. Thacher of New York is chairman of this subcommittee.

Joseph Bill of IMIB read the industry reports on fire, marine and casualty insurance classification and interpretation of the nationwide marine definition at the meeting of the committee on definition and interpretation of underwriting powers committee, Davis of Mississippi presiding, and that was that.

Surplus Line Bill

Fifty-two pages worth of proposed legislation to achieve a uniform nonadmitted insurers act were unveiled in synopsis form at the meeting of the committee on unauthorized insurance. The bill itself was available as the result of a frantic two days of printing and collating by the administrative committee. Howell of New Jersey, who presided at a meeting of the committee in New York when it was decided to prepare a model law, read the "explanation" of the bill and asked for comments.

J. R. Berry, National Board, said he is not able to discuss such a voluminous bill yet. He said he would like a chance to study it so that appropriate comments could be made when the committee next meets. National Board, he added, is in accord with the objectives of the committee.

Jensen of North Dakota is chairman of the unauthorized insurance committee. However, he left the working leadership of the discussion to Mr. Howell because he was unable to attend the meeting in New York.

The request by Mr. Berry for time for study was seconded by American Mutual Insurance Alliance, NAIA, National Assn. of Insurance Brokers and National Assn. of Casualty & Surety Agents.

Julius Wikler, counsel to NAIC and one of the drafters of the bill, said it is not intended to substitute for present good laws, such as those in the Pacific northwest, but to be enacted in states not having effective surplus line legislation.

Executive Committee Members

The executive committee, with Mr. Hayes as chairman and Mr. Hammel as vice-chairman, is made up of the officers and one representative from each zone—Knowlton of New Hampshire (zone one); Smith of Pennsylvania (two); Rinehart of Alabama (three); Gerber of Illinois (four); Harrison of Texas (five), and McConnell of California (six). There are three members at large—Howell of New Jersey, Musser of Oregon and Pearson of West Virginia.

Sullivan of Washington was reelected chairman of the examinations committee, with Howell of New Jersey reelected vice-chairman. Membership of this committee is by zone chairman, and they are: Zone two, Gold of North Carolina; zone three, Leggett of Missouri; zone four, Timmons of Iowa, and zone five, Grubbs of Nebraska. Mr. Howell represents zone one and Mr. Sullivan zone six.

The federal liaison committee, of which the chairman for the coming year has not been elected, consists of zone representatives also—Roberts of Rhode Island (one); Smith of Delaware (two); Davis of Mississippi (three); Manson of Wisconsin (four); Hunt of Oklahoma (five), and McConnell of California (six).

Midget Cars Cause Problems For Insurers

(CONTINUED FROM PAGE 7)

laps on a course with 12 turns left and right. Cars averaged 60 m.p.h. for the course and got within seconds of times attained by stock cars, it was claimed. The top prize was $500 plus entry fees and expenses to the world's championships at Nassau, Bahamas.

The Go-Kart Club of America is the governing body for many of these sports events. It classifies vehicles used: Class A is for machines up to 5.8 cubic inches or 95 cubic centimeters, with one rear-wheel brake, and costing less than $100. Class B-C ranges from 96cc to 250cc—the power of a good-sized motorcycle—for pedal-operated machines with equal braking on both rear wheels and costing up to $250.

Racing Machine Standards

The club specifies that machine frames should be "all metal, devoid of any type of body shell above wheel center." Before races, club officials examine machines and the first point looked for is "suitability of machines for high performance with safety."

Many arenas are specially built for go-kart events. One of the most elaborate is the $20,000 Go-Kart Raceway at Azusa, Cal., which, it is reported, incorporates "excellent safety features for both spectators and drivers." Such is not always the case.

One insurer found fences or trenches surrounding tracks which were inadequate for safety needs. Also, the insurer noted danger from the tendency of young participants to wander across the track while cars are in action. It would appear that the above-mentioned club is aware of possible criticism of the activities and its rules aim to achieve the highest degree of safety and good conduct.

Insurer Problem In Louisiana

Louisiana insurance rating commission, in its Casualty & Surety Review, took note of increased use of midget autos on public ways by persons too young to qualify for a drivers license. The commission has been suggesting, as a temporary measure, that midget autos be classified and rated in the same manner as automobile glides, power cycles and similar vehicles with a gross unladen weight each of 175 pounds or less.

The commission recognizes that this is a rating expediency. The weight of the vehicle is not taken into account and because of the private passenger automobile definition in the family policy, that policy, in lieu of the basic policy which is used for glides and power cycles, should provide the coverage. The commission therefore recommends a premium based on 75% of the liability premium otherwise applicable.

However, an auto underwriter of a mutual insurer in New York said he would reject this rate because a midget auto is a four-wheeled vehicle. It might be added that he would not accept midget auto risks in any event. However, as far as the rating argument is concerned he would apply the full rate, probably 2C for under 25 drivers.

Contrasting with this opinion is the one that says family policy eligibles are "private passenger automobiles, station wagons, jeeps etc." but "clearly excluding motorcycles, motor scooters, tricycles."

Attitudes Of Assigned Risk Plans

Because the risk seems to be substandard, perhaps some are going into assigned risk plans? Here again there are conflicting views. A New Jersey agent said that, as a hypothetical case, he submitted a midget auto for use by an 11-year-old girl to three companies. All rejected the line and sought the original family policy to specifically exclude the midget auto from it. The agent said he then applied to the assigned risk plan and it was assigned to one of the earlier companies, which applied the 2C rate. The agent suggested it be rated at a 25% discount under rule 15 of the private passenger section of the auto manual, vehicles with a gross unladen weight of 175 pounds or less.

However, two New York assigned risk plan spokesmen said that midget autos would not be acceptable unless they were licensed and carried registration plates. They also emphasized the need to have the vehicle equipped to comply with state motor vehicle law safety requirements.

Edwin C. Landis Jr., New Jersey deputy attorney general, has ruled that operation of go-karts by children on private parking lots is fully subject to all restrictions placed upon operation of a motor vehicle. This was interpreted to herald a general crackdown on the operation of go-karts.

The opinion, sought by Ned J. Parsekian, acting director of motor vehicles, noted that "the statutory language applies to all public shows of motor vehicle operation of any nature, regardless of age of the drivers or size of the vehicles involved, and specifically those contests you have described. Persons conducting such exhibitions or contests must be licensed."

New Jersey Limit Is 17

Under New Jersey law, no person under 17 may drive a motor vehicle, and this alone would rule out go-kart driving by juveniles. They are subject to all the safety requirements of large cars and subject to financial responsibility as well. Operators of lots where midget autos are operated must have a minimum of $25,000 to $50,000 liability insurance and obtain a license which costs $100 a year.

Though there is doubt about the need for financial responsibility when go-karts are operated on private prop-

erty, the ruling noted that where a court might direct judgment in an accident suit against a lot operator, then such financial responsibility would have to be shown.

National Bureau's Statement

National Bureau is none too happy with the situation as it stands. Its drafting committee feels that the units must be considered automobiles under the family form. In 1952, the bureau suggested that rating of a "Junior-Pro Motorized Jeep" be placed on a refer to company basis. It recognized that the jeep was essentially a toy, electrically operated at a speed of 5 m.p.h. However, last fall the bureau noted that "because of the apparent popularity of these newer types of midgets and the broader features of the family auto policy, the instructions on the jeep no longer appear adequate to underwrite unorthodox types of powered vehicles which now technically conform to the policy definition of private passenger automobile."

One large insurer does not want the risk. When it learns insured has acquired a midget auto, it has the family policy endorsed to exclude coverage for the midget automobile. Like most companies, it expects the family auto policy will exclude midget autos at next revision.

Many Await Expiration

Many insurers await expiration of the auto policy before making premium adjustment for added automobiles. Others have the option of asking insured to report additional cars within 30 days. In the case where there is no 30-day report requirement, it is possible insurer could be covering a vehicle it did not know existed, including a midget auto. Of course, in the ordinary way, premiums on the added car are retroactive to the date when insured acquired the extra vehicle so that premiums are paid to cover the risk.

The family auto policy rules contemplate that it is used to cover all eligible private passenger and utility autos owned by named insured and spouse. If all such vehicles are not covered in the same policy, a standard endorsement limiting the automatic coverage is required. The effect of this is that though the family auto policy provides automatic coverage on any private passenger or utility car or trailer which replaces the vehicle described in the policy, it automatically covers newly acquired vehicles only if the same company insures all private passenger vehicles owned by the named insured and spouse on the date of acquisition and then subject to 30-day notice to the company.

However, two interpreters of the family auto policy provisions state that there is no automatic coverage on cars acquired by children or other members of the family. These provisions provide only for named insured and spouse.

With the high price of covering auto liability, annual premiums on a midget auto could cost five times the original cost of the vehicle. Nevertheless, persons responsible for operation of a midget auto would appear to need protection.

Crum & Forster Raises Schreiner, Two Others

Crum & Forster has promoted Walter S. Schreiner, assistant vice-president, to general manager of the eastern regional department. F. Hemler Vervoort and William H. Shelton have been appointed assistant vice-presidents.

Mr. Sehreiner, with the company 24 years, has been most recently manager of the New York multiple line agency department.

Mr. Vervoort, who will assume Mr. Schreiner's post as manager of the latter unit, has been with Crum & Forster 26 years in the fire underwriting department and as a state agent.

Mr. Shelton's new assignment will be as manager of the New England multiple line agency department, where he succeeds Robert A. Fromel, assistant vice-president, who will assume other executive duties. Mr. Shelton, in 20 years with the company, has been a fire underwriter, state agent, and district manager for Long Island, N. Y.

Griswold Forms Fla. Firm Merging Taylor & Pound

Griswold & Co., New York brokers and average adjusters, has absorbed Taylor & Pound, Tampa agency, and has formed a new Florida corporation, Griswold & Pound.

J. A. Pound, founder of the agency in 1951, has been elected a vice-president of Griswold and resident vice-president and director of the new agency.

Joins Roane Of Baltimore

J. Beverly Dooley has joined John Roane, Baltimore adjusters. He has been in the business for 23 years, the last 10 as adjuster on large commercial and industrial building, stock, and time element losses.

Pittsburgh Promotions By Hartford Accident

Hartford Accident has made three promotions at its Pittsburgh office. Lester E. Garland is named assistant manager, Norbert J. DeCarlo, claims manager, and Andrew H. Thompson, assistant claims manager.

Mr. Garland joined the company in 1941 and was at Chicago and South Bend before serving as claims manager at Lexington and Louisville. He was at the home office for two years before being appointed claims manager at Pittsburgh eight years ago.

Mr. DeCarlo went with the company in 1943 at Pittsburgh and was advanced to assistant claims manager there in 1958. Mr. Thompson joined Hartford Accident in 1951 and was at Louisville and Cincinnati before being named claims supervisor at Pittsburgh.

Royal-Globe Advances Brennan In Casualty

Royal-Globe has appointed A. Harrison Brennan assistant manager of the casualty underwriting department. He joined the company in 1945, was named state agent in New Jersey in 1948, and returned to the home office in 1958 as assistant superintendent of the education department.

Cimarron Names Norton F. & C. Vice-President

Robert D. Norton has been elected vice-president of Cimarron. He will supervise agencies and production in fire and casualty lines. With the company since 1949, he has had home office experience and most recently has been supervisor in Texas.

Changes In The Field

Oklahoma Field Assn. Elects, Reorganizes

S. Allen Tilotson, Aetna Fire, has been elected president of Oklahoma Capital Stock Insurance Assn. at its reorganizational meeting at Oklahoma City. A new constitution and by-laws were adopted at the meeting and membership, which has been limited to fire company field men, has been opened to multiple line field men.

Gordon Fransen, St. Paul F.&M., was elected vice-president, and Larry Meek, Glens Falls, was reelected secretary-treasurer.

Featured speaker was Hugh F. Richeson, vice-president and claim director U.S.F.&G. Also appearing on the program were Mark Antene, manager Oklahoma Inspection Bureau; Walter Hensen, National Board attorney for Oklahoma; Lloyd F. Palmer, regional director Insurance Information Institute; William Butler, superintendent of auditing Oklahoma Inspection Bureau, and W. D. Swift, assistant general adjuster National Board.

Andover Promotes Nelson To Head New Memphis Unit

S. N. Nelson, executive special agent for Andover, has been promoted to manager of the newly created Mid-South department, with headquarters at 4730 Poplar Avenue, Memphis. He will be assisted by William A. Bufkin Jr., special agent, who will be located at 4011 Carol Drive, Jackson, Miss., and supervise Alabama and Mississippi.

Two Join Indiana

Robert Hedlund and Jackson L. Edwards have joined Indiana-Consolidated group and Cooling-Grumme-Mumford general agency as special agents in Indiana. Mr. Hedlund, who has been with General Accident, will handle Marion County and Mr. Edwards will service the eight west-central counties.

Erekson Is Elected MLG Of Arizona Blue Goose

Don M. Erekson, Northern of New York, was elected most loyal gander of Arizona pond of Blue Goose at the annual meeting at Phoenix. Other pond officers elected are: Harris S. Hayhurst, Standard Accident, supervisor; Robert A. Rovan, America Fore Loyalty, custodian; Gordon H. Lowe, St. Paul F.&M., guardian; William H. Stowe, B. L. Udell general agency, keeper; and T. D. Gibson, U.S.F.&G., wielder.

James M. Hall, retired representative in Arizona of the National Board and a life member of the Arizona pond, was awarded the Robert L. Charles memorial plaque for character, charity and fellowship.

Grand Rapids Blue Goose Elects

Grand Rapids, Mich., puddle of Blue Goose has elected Bert Gerber of Western Adjustment big toad; A. Lynn Moore, Underwriters General agency, pollywog; Mark Pleune, Wabash F.&C., croaker; Michael Grob, Aetna Fire, bouncer, and Harold Jillson, Home, tiny pollywog.

Lyon Retires After Long Fireman's Fund Career

William P. Lyon, special agent of Fireman's Fund in New York state for almost 36 years, has retired. He is succeeded at Albany by Charles A. Bartke.

Mr. Lyon began his insurance career in 1916 in his father's local agency in Hobart, N. Y. After long service in France in World War I, he joined New York Fire Insurance Rating Organization in 1921 as an inspector. In 1924 he went with Fireman's Fund as special agent.

Mr. Bartke has been with the company 12 years. After loss adjusting experience, he completed the training program for production duties. He has been special agent at Poughkeepsie for the past three years.

Lumbermens Mutual, O. Makes 4 Field Changes

Lumbermens Mutual of Mansfield, O., has appointed Ronald J. Harruff special agent in Indiana to replace Special Agent Carl Chokreff, who has been transferred to southwestern Ohio, where he replaces Donald E. Suman, who goes to Burbank, Cal. Mr. Harruff has been in the home office for several years.

Robert P. Wolf, field representative in western Michigan, has been transferred to the western New York and western Pennsylvania territory.

Phoenix Of Hartford Names Doane Special

John F. Doane has joined Phoenix of Hartford as special agent for Alameda and Contra Costa counties, Cal. He will maintain headquarters in Oakland. He succeeds Norman H. Miller, who has resigned to enter the agency field.

Campbell At Pittsburgh

Loyalty group has appointed Robert M. Campbell special agent in Allegheny County, Pa., with headquarters at Pittsburgh. He joined the group at Philadelphia in 1955 and entered the training program in 1958.

New President In N.J.

Dudley J. Groff Jr., New Hampshire, was elected president of New Jersey Insurance Fieldmen's Assn. at a special meeting following the resignation of John Y. Lambert Jr., who has joined

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local agency. H. D. Young, Niagara re, is vice-president; George F. hnson, Fireman's Fund, secretary, d S. A. Hammond, Aetna Casualty, easurer.

hesapeake Blue Goose lects New Officers

Chesapeake pond of Blue Goose has ected W. Darby Miller of Agricultur- most loyal gander; John M. Can-n, Reliance, supervisor; Francis E. Gillan Jr., New Hampshire, custo-n; Robert E. Erwin, Kurt Hitke & , guardian; Harry M. Bertier, Cum-ins-Bertier Co., keeper, and Robert llanan, attorney, wielder.

hnson Is Elected MLG f Nebraska Blue Goose

Nebraska Pond of Blue Goose has ected Lyle C. Johnson, Providence ashington, most loyal gander to suc-ed Clarence E. Hedstrom, Hartford re. Other officers are Del N. Shaw, Paul F.&M., supervisor; Clem T. sengren, custodian; Paul Taylor Jr., ringfield F.&M., guardian; Ronald Hartman, Great American, keeper; d John F. Pondelis, wielder.

urich Names Flach In entral Connecticut Field

Zurich has appointed Joseph L. ach field representative in central nnecticut with offices in New Hav-. He has been with Agricultural as ltiple line field man and before t represented Great American in ssachusetts.

haw Is Neb. Manager

St. Paul F.&M. has promoted Del Shaw to manager for Nebraska at naha. He will be assisted by John Stokman, who has been transfer-d from the home office. With the mpany since 1926, Mr. Shaw be-me state agent for Nebraska in 1950 d assistant manager in 1953. Mr. okman went with St. Paul F.&M. t year.

ewell At New Orleans

Aetna Fire has appointed Michael Newell special agent for southern uisiana at New Orleans. He re-aces Arthur T. Thompson who has en granted temporary leave of ab-nce. Mr. Newell joined the compa- in 1959 and has completed the mpany's multiple line training hool.

nick Special At Albany

Boston has appointed Theodore G. nick special agent at Albany, N. Y. joined the company in 1955, was nsferred to Kansas City in 1956 and s named fire underwriter at East ange, N. J., in 1958.

dvance Brier In Conn.

Phoenix of Hartford has promoted rry S. Brier to Connecticut state ent. He will be in charge of agency lations in eastern Connecticut. He ned the company's casualty depart-nt in 1952 and was named Connecti-t special agent in 1956.

olck Replaces Buckel

Great American has appointed Frank Wolck field supervisor for north-stern Indiana with headquarters in rt Wayne. He succeeds Gale J. Buck- who has been transferred to an un-rwriting position in Chicago. Most recently, Mr. Wolck has been in the field for Great American in central Indiana and eastern Kentucky.

Rupp, Hartshorn In N. M.

Great American has appointed Donald J. Rupp special agent and Harland J. Hartshorn auditor-safety engineer at Albuquerque for New Mexico. They will be supervised by State Agent H. V. Burke.

Life Publishes Brochure For Hartford Fire Agents

To commemorate the 150th anniversary of Hartford Fire group in June, Life magazine has published for distribution to agents a brochure describing the early years of the organization.

The group's first advertisement in the Connecticut Courant of Aug. 1, 1810, is reproduced. The announcement of the formation and purposes of the new insurer, was the first in an uninterrupted series of advertisements which have now run for 150 years.

The brochure has brief biographies of the founders of Hartford Fire, a description of economic circumstances in the U. S. in the early years of the organization's growth, and a section on Hartford Fire's early recognition of the importance of communicating to the public, through ads and promotion devices, the scope of its services and operating philosophy.

Jolly Is Purchasing Chief

James R. Jolly of Pearl was named president of Fire & Casualty Insurance Purchasing Forum at its annual meeting at Norristown, Pa.

Other officers elected are William R. McAdams, Employers Liability, vice-president; Robert DeLong, American Casualty, secretary, and Joseph Finnegan, American Home, treasurer. Named to the executive committee are Thomas M. Tongue, U.S.F.&G.; J. Edward Smith, North America, and Edward A. Bantel, National Bureau.

Crown Declares Dividend

Crown of Huntington, W. Va., has declared a cash dividend of 50 cents a share, payable June 15 to the stockholders of record May 31. Stockholders recently authorized an increase in capitalization to $500,000. Crown is the largest domestic writer of auto in West Virginia.

York Sees No Rise In Marine Rates In Spite Of High Seaway Losses

Miles F. York, president of Atlantic Mutual and of American Institute of Marine Underwriters, speaking before Propellor Club of Detroit, said that despite heavy losses and the fact that marine underwriters underestimated the added risk of operations on the St. Lawrence Seaway, the same scale of rates will be continued.

Mr. York, declared that underwriters are philosophers who live with the long-term point of view and believe that only time can evaluate risk. American Hull Insurance Syndicate insured 28 ocean-going vessels operating in the seaway in 1959, making 73 voyages. Additional premiums charged totalled about $130,000. Insurers paid $1,228,000 on 58 losses, he said.

Referring to handling and maintenance of Great Lakes vessels, Mr. York noted that they are not drydocked for inspection as frequently as ocean vessels, and bottom damage may go undetected for a considerable period. The problem is further complicated, since surveyors cannot inspect the interior of double bottoms because of accumulated sludge. There is a pressing need to develop a system and equipment for flushing out and cleaning double bottoms. Annual inspection should be required to check rivets and other conditions in the hull and machinery. He recalled two total losses of ships in 1958 which were believed to be "in class" but were actually extensively damaged.

Mr. York urged Great Lakes ports to develop the capacity to move ships and cargoes quickly because delays cost money. He also predicted trouble with the seaway because too much was expected of it too soon.

Mr. York commented on the Senate subcommittee investigation of marine insurance and was apprehensive that advocates of federal control might encourage rate regulation.

Aetna Life Group Wins Hartford Ad Club Awards

Aetna Life group received four awards in the competition of Advertising Club of Hartford. Of the nine top awards, Aetna Casualty won the displays and exhibits category for its "Aetnarama" window display for agents.

Aetna Casualty also won honorable mentions for consumer magazines advertising with its ad featuring thousands of massed penguins and the theme "you're not just one of the crowd," and in the complete campaign category for its Auto-Rite promotion.

Aetna Life got honorable mention for company publications with its actuarial recruiting brochure "The Actuary—Master of Versatility."

Fund Appoints Dillon To Pacific Fire Post

Fireman's Fund has appointed William H. Dillon assistant fire manager of the Pacific department. He joined the Fund in 1940 and after serving in the field, went to the home office as agency superintendent in 1954.

Detroit Assn. of Insurance Agents will hold its annual golf outing Aug. 16 at the Pine Lake Country Club.

Black, Nichols Report On Expansion Abroad

Greatly expanded international insurance facilities are required to serve the continued development and improvement in the European economy, in the opinion of Kenneth E. Black, president of Home and chairman of American Foreign Insurance Assn., and James O. Nichols, AFIA president.

They recently returned from a month's tour of Great Britain, Ireland and the Netherlands, where they visited agents of several of AFIA's 14 member companies, and with local company officials in London, Dublin, Edinburgh, Glasgow, Amsterdam and Rotterdam. While in London, Mr. Black was received by Prime Minister Macmillan.

Mr. Nichols reported that the expansion of American private investments and the establishment of production, assembly, sales and distribution plants in the United Kingdom and on the Continent have caused a growing demand for American insurance.

Insurer Spokesmen Oppose Longshoremen Act Changes

Howard M. Starling, Washington representative of Assn. of Casualty & Surety Companies, and Wallace M. Smith, American Mutual Alliance, appeared before congressional committees to oppose proposed legislation amending the longshoremen's and harborworkers' act.

Mr. Starling objected to several bills which, he said, would impose undue taxation upon workmen's compensation, reduce the reversionary period to 14 days, and drastically modify benefits. Mr. Smith agreed with these objections, and favored a California type law which would give workers greater freedom in choice of physicians.

Schwab To Eye Effects Of N. Y. Commission Measure

Suffolk County (N.Y.) Assn. of Insurance Agents at its June 16 meeting at Babylon, will hear Arthur L. Schwab, Staten Island, legislative representative of the New York association, speak on the effects of the Barrett-Russo commission bill and the premium finance bill. Mr. Schwab will also review the recent assigned risk hearings in New York.

Sen. Barrett, co-sponsor of the commission bill, will be a guest at the meeting.

Phillips Named Director Of Zurich Group Sales

Zurich has appointed Robert S. Phillips director of group sales. Previously, he was with Security Benefit Life for six years, where he was assistant vice-president, and with Bankers Life of Iowa for seven years.

Quirk To Presidency

AUSTIN—Texas Assn. of Managing General Agents elected Frank J. Quirk, San Antonio, president at the annual here. Robert Russell, Dallas, was named vice-president and William H. Counsins, Corpus Christi, secretary-treasurer.

Fund Directors Meet At Boston

Directors of Fireman's Fund held their May meeting at Boston, the first time the board has met outside of San Francisco. The occasion marked the 75th anniversary of Fund operations in the east.

Johnston Adds Posts Of Natl. Auto & Cas.

Lloyd H. Johnston, vice-president of National Automobile & Casualty, has been elected secretary and treasurer also. He will continue to head the surety operation at Los Angeles.

Mutual Bureau has revised products liability BI and PD rates in New Jersey, effective June 8. The revision is part of a countrywide increase of 13.8% on BI and 20% on PDL.

HO. Merit Plans Eyed Sternly At Workshop

(CONTINUED FROM PAGE 1)

some insurance commissioners have been under heavy pressure—political and otherwise—to approve the new filings.

Opinions on insuring compact autos varied, although General Motors, with slides of crashes of Corvairs and Chevrolets, sought to illustrate the lower costs in time and materials in repairing their compact models. According to these tests, General Motors engineers reported that labor work-hours were drastically reduced, and that windshield replacements are 45% less than that for the Chevrolet.

Doubt and criticism also pervaded the Friday session on auto business. Discussion covered the possibilities of devising a scientific questionnaire to determine driver attitude, the named driver policy, the soundness of safe driver and merit rating plans, and the impact of the economy policy.

The attitude test suffered most. Many felt it was too involved, and they were skeptical that drivers would take it, and if they did, that they would tell the truth.

The named driver policy, some believed, would create numerous misunderstandings, conflict among insured and companies, and it promises more grief than complacency.

Some of those in attendance said they believed the safe driver and merit or demerit plans are inconclusive, and while having some merit, will not, over-all, improve public relations, although the public appears to favor some merit plan for good drivers. Some of the plans were regarded as being mere rate-cutting gimmicks, which have resulted in the wild competition for credit-rated motorists, thus leaving the debit drivers to assigned risk plans or to specialty substandard companies—all of which is looked upon askance by legislators.

Neal Garrison, assistant manager of California State Automobile Inter-Insurance Exchange, said of the California safe driver plan: "We're for it—for our competitors, I mean." He conceded that the plan has a fair chance of succeeding in California where the motor vehicle department keeps the most complete violation and accident records of any state. The plan, he said, is revealing to many companies the types of risks they have on their books.

Another opinion frequently expressed was that companies, before accepting automobile insurance, more and more are insisting on writing the client's other personal lines.

Leo Sellinger, general manager of of Civil Service Employees, decried the "unwarranted growth of assigned risks" and also the industry for "falling down on its responsibilities." He said the business was creating unholy alliances and breeding unholy progeny. Insurance is entering new, for it, at least, merchandising schemes in retail stores, over the counter, discount houses, etc. He said he did not see any great improvement for the dignity or stability of the business in these plans and warned against further encroachment of the federal government and and more regulation of a dictator character. Setting up more underwriting classifications and plans will result only in more confusion and chaos, he declared.

Russell Shaw, manager of the fire division of MFA Mutual, suggested that the National Board's city grading system be brought up to date and simplified. He said that in some areas the grades could be ignored entirely and for smaller communities only four grades would be necessary: Towns would be graded on (1) fully paid fire departments; (2) part-paid departments; (3) fully volunteer departments, and (4) unprotected, with water facilities taken into account.

Aetna Life Buys Excelsior Life, Canadian Insurer

Aetna Life has reached an agreement to acquire controlling interest in Excelsior Life of Canada, according to a joint announcement by Henry S. Beers, Aetna Life president, and A. Bruce Matthews, president of Excelsior Life.

Aetna Life is purchasing immediately 55% of the outstanding stock of Excelsior Life and is negotiating for another 15%. The total outlay will be approximately $5,250,000.

Excelsior Life, founded in 1889, writes participating and non-participating individual coverages, as well as group. At Dec. 31, 1959, Excelsior Life had assets of $109,770,479 and insurance in force of $574 million. In 1959 the company paid more than $6,330,000 to policyholders. Premium income was $13,341,635, and investment income was $5,513,888. Net rate of interest earned on investments was 5.19%.

Excelsior Life, based in Toronto, has 400 employes and almost 500 agents, with branch sales offices in 26 Canadian cities. It is expected that Mr. Beers, John A. Hill, senior vice-president, and Crampton Trainer, vice-president and assistant treasurer, all of Aetna Life, will become Excelsior directors. Excelsior Life will continue as an autonomous operation, with no change in personnel, management or practices.

National Board Names Committee Chairmen

National Board has appointed as committee chairmen, William MacLean, National Union, accounting; W.C. Harris, Phoenix of London, actuarial bureau; F. John Barclay, Maryland Casualty, adjustments; James L. Dorris, Hanover, arson, theft and fraud; H. M. Mountain, Aetna Fire, engineering; Nicholas Dekker, Continental, finance; H. Clay Johnson, Royal-Globe, laws; Roy E. Carr, Providence Washington, maps; Percy Chubb II, Federal, membership; K. B. Hatch, Reliance, public relations, and Robert Z. Alexander, American, statistics and origin of losses.

Senate Quiz Resumes

The Senate anti-trust and monopoly subcommittee's investigation of foreign insurance will resume with a one-day hearing June 16, informed sources report. Anthony Gruver, committee chairman of London Lloyd's, is scheduled to testify at the session.

International Reinsurance Gathering To Be Held In Monte Carlo, Sept. 5-8

Those interested in international reinsurance will, for the fourth successive year, hold their annual rendezvous at Monte Carlo, Sept. 5-8. On Sept. 5-6 working groups of Comite Europeen des Assurances will hold meetings. On Sept. 7 M. de Mori, general manager of Unione Italiana di Riassicurazione, will discuss the present position of international reinsurance, and M. Herzog, general manager of Allianz Ins. Co. of Germany, will discuss the state of the insurance business in that country.

On Sept. 5 there will be a cocktail party, and on Sept. 8 a closing banquet. Those wishing to attend can apply for particulars to Commissariat General de Tourisme et a l'Informatio, Monte Carlo.

Central Claim Executives Elect Bell President

D. Ross Bell, Standard of Tulsa, was elected president of Central Claim Executives Assn. at the spring meeting in Delavan, Wis.

Byron Olsen, Casualty Underwriters, was named vice-president and Walter Hughes, Hawkeye-Security, secretary-treasurer.

The two-day meeting featured a panel on independent adjusting, participants being Donald Z. Reinertsen, Northwestern National Casualty; Robert D. Denton, Wolverine, and E. H. Lasseter, Illinois National.

Other speakers were E. W. Hostetter, American States, "Workmen's Compensation—Procedure and Systems;" H. Galen Allen, Allstate, "Employe Relations;" E. H. Schroeder, Allstate, "Comparative Negligence;" Palmer Benson, St. Paul Mercury Indemnity, "Liability on Inland Waterways," and O. Edward Kurt, Kurt & Associates, on expert claim interpretation.

Chicago Agency Raises Overmyer

Moore, Case, Lyman & Hubbard in Chicago has promoted Kenton R. Overmyer to assistant manager of the casualty department. He has been in the agency's casualty department for 11 years.

TOTALS OF 1959 AND 1958 BUSINESS

Classification of CASUALTY business only, of all companies, including fire companies, appearing in the Argus Casualty Chart that had casualty net premiums written of $5,000,000 or more.

CLASSIFICATION	1959 137 Stock Companies Figures in thousands (000 omitted)			1958 138 Stock Companies Figures in thousands (000 omitted)			1959 52 Mutual Companies Figures in thousands (000 omitted)			1958 49 Mutual Companies Figures in thousands (000 omitted)			1959 14 Reciprocals & Lloyds Figures in thousands (000 omitted)			1958 13 Reciprocals & Lloyds Figures in thousands (000 omitted)		
	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%	Premiums Earned	Losses & Loss Exp. Incurred	%
Auto Physical Damage	843,795	438,921	52.0	640,722	406,444	63.4	401,686	236,617	58.9	353,531	208,232	58.9	134,030	74,197	55.4	128,115	70,257	54.8
Auto Liability (B. I.)	1,540,765	1,149,570	74.6	1,349,097	1,063,188	78.8	633,762	519,567	82.0	577,350	462,038	80.0	148,431	101,624	68.5	128,240	85,292	66.5
Auto Liability (P. D.)	662,401	432,039	65.2	582,695	393,899	67.6	297,894	208,777	70.1	262,528	185,030	70.5	72,868	44,224	60.7	65,424	41,871	64.0
Other Auto	221	80	36.2	124	15	12.1	720	2,676	371.7	2,695	1,082	77.3	2,004	2,632	131.3	1,675	1,507	90.0
TOTAL AUTOMOBILE	3,047,182	2,020,610	66.3	2,572,638	1,863,546	72.4	1,334,062	967,637	72.5	1,196,104	856,328	71.6	357,333	222,677	62.3	323,454	198,927	61.5
Individual Accident & Health	184,664	92,178	49.9	152,795	71,677	46.9	21,257	12,716	59.8	13,987	10,736	76.8	2,135	1,585	74.2	1,215	924	76.0
Group Accident & Health	484,986	409,635	84.5	436,065	369,994	84.8	111,057	95,974	86.4	100,801	87,991	87.3	2,204	722	32.8	1,503	999	66.5
Boiler & Machinery	52,168	16,837	32.3	46,280	14,880	32.2	20,290	5,149	25.4	18,892	3,244	17.2	95	9	9.5	133	—90	—67.7
Burglary	98,676	49,979	50.6	91,627	49,650	54.2	7,544	4,359	57.8	7,011	4,328	61.7	432	69	16.0	475	472	99.4
Credit	3,609	765	21.2	8,704	1,822	20.9	43	15	34.9	70	18	25.7	....	....	...	....	....	...
Fidelity	82,752	38,140	46.1	77,706	40,465	52.1	6,204	3,544	57.1	5,705	3,680	64.5	876	331	37.8	725	668	92.1
Glass	32,097	17,087	53.2	29,550	15,285	51.7	3,962	2,241	56.6	3,798	2,025	53.3	15	15	100.0	12	8	66.7
Liability not Auto (B. I.)	483,873	280,547	58.0	428,901	261,825	61.0	133,962	82,081	61.3	119,080	70,037	58.8	11,600	5,517	47.6	10,727	5,094	47.4
Liability not Auto (P. D.)	118,100	62,550	53.0	102,345	55,808	54.5	27,539	14,942	54.3	24,885	15,610	62.7	2,195	978	44.6	1,977	854	43.2
Livestock	11	6	54.5	11	3	27.3	7	2	28.6	7	5	71.4	1,228	812	66.1	985	588	59.7
Surety	171,460	56,669	33.1	157,769	50,590	32.1	2,123	873	41.1	1,831	944	51.6	132	35	26.5	143	62	43.4
Workmen's Compensation	785,121	581,789	74.1	711,950	507,381	71.3	413,826	296,291	71.6	388,225	272,304	70.1	18,475	14,671	79.4	16,557	10,722	64.8
Miscellaneous	1,308	510	39.0	2,860	741	25.9	370	100	27.0	129	—46	—35.7	10	—8	—80.0	—1	—1	—100.0
GRAND TOTAL	5,546,007	3,627,302	65.4	4,819,202	3,303,667	68.6	2,082,246	1,485,924	71.4	1,880,525	1,327,258	70.6	396,730	247,413	62.4	357,935	219,227	61.2

FINANCIAL REPORT * — OPERATING REPORT * — NET RESULTS *

	Number of Co's.	Year	Assets	Liabilities	Surplus to Policyholders	Net Premiums Written	Premiums Earned	Losses & Loss Exp. Incurred	Underwriting Exp. Incurred	Ratios to Premiums: Losses to Earn.	Ratios to Premiums: Exp. to Writ.	Combined Loss & Exp.	Net Gain from Underwriting	Dividends to Policyholders	Increase in Surplus
Stock Companies	137	1959	15,778,165,015	9,677,079,541	6,101,685,474	7,617,166,579	7,123,610,998	4,617,077,071	2,631,401,783	64.8	34.5	99.3	—124,867,856	46,483,105	444,930,029
	138	1958	12,529,143,046	6,910,597,066	5,618,545,980	6,789,075,179	6,502,798,391	4,217,221,714	2,361,719,254	64.9	34.8	99.7	—76,142,577	43,754,565	1,160,691,431
Mutual Companies	52	1959	3,695,516,212	2,806,962,615	888,553,597	2,582,736,004	2,296,848,698	1,582,931,293	564,901,115	68.9	21.9	90.8	149,016,290	145,936,704	84,922,447
	49	1958	3,336,172,550	2,538,056,159	798,116,391	2,123,998,631	2,058,184,199	1,432,189,415	509,601,810	69.6	24.0	93.6	116,392,974	142,319,922	93,849,384
Reciprocals & Lloyds	14	1959	571,640,267	388,618,687	183,021,580	421,939,940	414,357,510	268,760,009	111,072,178	64.9	26:3	91.2	34,525,323	27,945,198	20,826,977
	13	1958	506,370,863	346,153,442	160,217,421	387,534,328	368,235,227	243,880,772	97,299,256	66.2	25.1	91.3	27,055,199	21,803,173	20,096,809
GRAND TOTALS	203	1959	20,045,321,494	12,872,660,843	7,172,660,651	10,621,842,523	9,834,817,206	6,468,768,373	3,307,375,076	65.8	31.1	96.9	58,673,757	220,365,007	550,679,453
	200	1958	16,371,686,459	9,794,806,667	6,576,879,792	9,300,608,138	8,929,217,817	5,893,291,901	2,968,620,320	66.0	31.9	97.9	67,305,596	207,877,660	1,274,637,624

*) TOTAL BUSINESS of the same companies whose casualty premiums and losses are classified above.

Argus Chart Gives Insurer Experience

(CONTINUED FROM PAGE 2)

same at 84.5 compared with 84.8 in 1958. The 1959 group premiums earned were up some $48 million to a total of $484,986,000.

The two general liability lines show improvement in loss ratios as well as an increase in volume. Premiums earned on BI (not auto) rose from $428,901,000 in 1958 to $483,873,000 in 1959. The loss ratio decreased 3 points to 58.0 in the same period. On PDL (not auto) the premiums earned for 1959 are $118,100,000 compared with $102,345,000 and the 1959 loss ratio is 53.0 compared with 54.5 in 1958. The other casualty lines generally show increased volume of business with varying loss results not especially great enough in specific lines to excite special comment.

Similar totals are shown for mutual companies and reciprocal and Lloyd's organizations with generally the same results, although loss ratios appear to remain higher. For total automobile the mutual companies show a higher loss ratio for 1959 than for 1958 which may indicate that the mutual companies results react more slowly to the generally improved situation caused by rate increases.

Totals covering the financial report, operating report, and net results have also been compiled. The grand total of assets for 203 companies of all kinds is $20,045,321,494 with policyholder's surplus of $7,172,660,651. Results are shown for both 1958 and 1959 but a direct comparison between the two years is not exact because of a shifting of business between affiliated companies in some instances has resulted in the parent company being included in the 1959 figures, whereas a casualty affiliate was previously included. For these companies the new premiums written passed the $10 billion mark to reach $10,621,842,523. The net gain from underwriting before dividends to policyholders is $58,-673,757 with the dividends reaching $220,365,007.

New Page Appearance

The 1960 Argus Casualty & Surety Chart presents a clearer and easier to use page appearance as a result of a rearrangement of companies with similar exhibits in separate sections. Also by this rearrangement the compilers were able to present more information for many companies than in previous editions, with the net result that the new Argus Chart is more comprehensive and easier to use. Special tables show the states and territories for companies not including this information in the main exhibits; a list of company changes since 1954; the classification of total premiums written according to lines written expressed as percentages of the total for each of 115 groups; a comprehensive underwriting and investment exhibit; and the latest obtainable statistics on each of the various state workmen's compensation funds.

The Casualty Chart, like its already published companion in multiple line underwriting, the Argus Fire Chart, and the Argus Accident & Sickness Chart (to be published in a few weeks) sells for $2.50 per copy and less in quantities. It is now being delivered from the reference book department of the National Underwriter Company, 420 East Fourth Street, Cincinnati 2, Ohio, and may also be obtained from any of its branch offices.

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Vermont Assn. of Insurance Women at its May meeting elected Pauline Deep of the J. W. Dillion agency, Barre, president.

General Re Raises Harris And Hogue

General Re has appointed Justin B. Harris secretary, and Robert G. Hogue assistant secretary.

Mr. Harris joined the company three years ago as director of its rehabilitation advisory service. Mr. Hogue went with General Re in 1957 as an underwriter in the facultative department, specializing in fire and allied lines.

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Michigan Adjusters Assn. Elects Devers President

William J. Devers Jr. of Detroit has been elected president of Michigan Adjusters Assn. Other new officers are Carroll P. Brown, Lansing; Kenneth Baur, Saginaw, and R. C. Wilson, Detroit, district vice-presidents; Norman Boike, Frankenmuth, secretary; Richard J. Ankney, Bay City, treasurer, and R. Gregory Darragon, Lansing, executive secretary (reelected).

Jack Butterick, Lansing, assistant secretary Michigan Assn. of Insurance Agents, and Robert Shinn of Michigan State University highway traffic center addressed the adjusters' election night meeting.

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N. Y. Marine Unit Elects

Inland Marine Claims Assn. of New York at its May meeting named Joseph Voboril, Fireman's Fund, president; Lester C. Pike, W. J. Roberts & Co., vice-president; Howard E. Weed, Boston, secretary; John E. Carlson, Home, assistant secretary; and Walter Owens, American Home, treasurer. Walter C. Iverson, North America; Domenic J. Palemeni, American; and Lawrence B. Missimer, St. Paul F.&M., were named directors.

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Allstate Opens Dallas Office

Ceremonies marking the opening of Allstate's regional office at Dallas were attended by top company officials, including Chairman Calvin Fentress Jr. and President Judson B. Branch. The new building contains 61,000 square feet of floor space and will serve as home office for the company's newest subsidiary, Cross Country Life, along with housing the Dallas regional office headed by F. P. Mims.

Decisions Clarify Money Policy, Property Addition, Relocation

(CONTINUED FROM PAGE 6)

there was an excessive amount of cash on insured's premises.

He took $600 of company funds with him for safekeeping, placing the money in his wallet which also contained personal funds. Later in the evening, he attended automobile races. On Saturday, he drove to a beach club, stayed all day, went home to change clothes, returned to the club for dancing, and then went to a restaurant where he stayed until 2 a.m. Sunday.

Opportunities For Theft

Later that morning, he found that the wallet was missing. He reported the loss to police and to his insurance broker. Mr. Salmonsohn testified that the wallet was in his trouser pocket all the previous day, in a locker at the beach club, with an attendant holdnng the key. Salmonsohn had seen the wallet only once from Friday to Sunday morning. While paying for drinks ordered at the restaurant, he extracted personal funds from the wallet. He did not check to see if company funds were intact, and he assumed that he replaced the wallet in his pocket.

The appellate division said there was no evidence to indicate that the $600 was being conveyed to a bank or other depository, or to some other person at another place. It was therefore necessary to assume that the money was to be returned to the office of the company. Salmonsohn was not acting as a messenger but merely as a custodian of the funds. It followed, therefore, that the loss did not occur while money was being "conveyed by a messenger" as specified under the policy coverage. The high court ruled for the insurer.

William F. McNulty of Bush & O'Brien represented the insurer, and Benjamin Shedler and Allen H. Weiss of Gelfand & Shedler appeared for insured.

Limitation Not Expressed

Tennessee court of appeals upheld a ruling by Cumberland county circuit court in favor of insured in a case involving construal of the term "addition" under an American Casualty fire policy. The case is reported in 10CCH (Fire & Casualty) 314.

American Casualty issued a policy to Mr. Smith on May 11, 1956, on property described as a "one family garage apartment," located at 308 Brooks Avenue, Crossville, Tenn. After the policy was issued, Smith constructed another apartment of the same exterior concrete construction, on the same lot, using one of the walls of the original building as one side of the new apartment. The addition was given the street number 306. The case turned on whether 306 was insured under the policy.

Both Premises Damaged

On July 28, 1958, a fire damaged 308 to the extent of $401, and 306 in the amount of $7,901. The insurer agreed to pay on 308, but not on 306.

The trial court held that 306 was an addition within the meaning of the clause defining such construction. On review, the appeals court held that the insurer could have placed limitations upon permission to make additions, or it could have defined the term. Instead it gave insured unrestricted authority to make additions. The judgement was therefore affirmed.

Harry G. Sabine appeared for te insurer, and Keyes, Redmond & Swafford for insured. Both are Crossville law firms.

Relocation Kills Coverage

The U.S. third circuit court of appeals has reversed and remanded a ruling by the eastern district court of Pennsylvania in favor of a Philadelphia firm which had long been insured by Home Indemnity under a burglary cover, but relocated its premises during the policy term. The agent discovered the relocation when he called to renew the policy shortly before a burglary occurred. The case is reported in 10 CCH (Fire & Casualty) 307.

During the policy period involved in the case, Nov. 5, 1953, to Nov. 5, 1954, Irma Hosiery Co., the insured, had moved to a new location on the third floor of a building in Philadelphia. Later in the same policy year, Irma moved from the third floor to the first floor without notifying Patterson, the agent representing Home Indemnity, or the insurer.

On Nov. 4, 1954, Patterson called on Irma to deliver renewals, including the burglary form, and discovered the move to the first floor. He informed Irma that Home Indemnity would not cover against burglary until certain chages were made in the premises to increase security, and that after the changes were made, the premises would have to be reinspected. Furthermore, if more changes were then suggested, they would have to be made and subjected to reinspection by Home Indemnity before burglary protection could be extended to the new location.

After inspection of the property was completed, and the recommended changes had been made, the premises were burglarized. This happened prior to reinspection. On denial of liability, Irma brought suit, contending that over the years the burglary coverage had been continuous, although Irma had moved without notifying the insurer or its representative beforehand. The trial court found for insured and ruled that the sole purpose of the inspection requirement was that the insurer might be sure that the changes were made. Since they had been made, it was immaterial that no reinspection had taken place.

The appeals court, however, stated that the insurer had made an offer of a unilaterial contract with insured, and it was a prime condition that the work involved was to be inspected and, if necessary, reinspected before policy issuance. Until this occurred, the insurer was not liable, and the high court reversed the judgment on this ground.

Joseph Head appeared for the insurer, and Henry Temin for Irma Hosiery. Both are Philadelphia attorneys.

Chanzis With Nagelsmith

Norman B. Chanzis has joined the New York adjusting firm of Howard Nagelsmith & Co. Mr. Chanzis has previously been with William H. McGee & Co., Kenneth C. Fraser marine agency, Brown, Crosby & Co., and Frank B. Hall & Co.

Ebasco Co-Sponsors Safety Meet

Ebasco Services has concluded a two-week safety seminar, sponsored jointly with the Center for Safety Education of New York University. In addition to studies on accident control, safety and fire prevention techniques, the seminar included sessions on the psychology of selling safety, and the selection and training of employes in safety principles and leadership.

New Orleans A&H Assn. Award To Metropolitan

Metropolitan Life has received the public service award of New Orleans A&H Underwriters Assn. for "outstanding achievement in public health education." Philip W. Nungesser, Metropolitan manager at New Orleans, accepted the award for his company.

Milwaukee Claim Assn. Elects Olson President

N. R. Olson, Old Line Life, has been elected president of Milwaukee Accident, Sickness & Life Claim Assn. Other officers are Jean A. Carey, Association Ins. Co., vice-president; Glen Alexander, Personal Indemnity, secretary, and James Abrams, Catholic Knights, treasurer.

The **Jennings agency**, operated by Chris Jennings, and the **Warner agency**, owned by William Warner, both of Lansing, have been merged as the Jennings-Warner agency. Operations will be carried on from the Warner-Long building at 5332 South Pennsylvania Avenue. Earlier this year, the Warner agency bought the Harold F. Routt agency.

Avery M. Millard, executive director of California Hospital Association, has been elected to the board of Argonaut.

Editorial Comment

Agency Perpetuation Not Only Problem

Companies and agents agree that new blood must be brought into the production forces. However, many, if not most companies and agents have done little but vocalize about the problem. The few companies which have tackled one aspect of it head-on have been criticized for their approach.

Resolutions have been adopted at agents' conventions condemning company recruitment of agents in certain areas "in the guise of attracting and training young men in the business." The agents mean that these recruits are captives. The agents call this subsidization, and they don't like it in this form. They urge instead that companies subsidize young men within existing independent agencies.

This, of course, is not an entirely new idea. A few companies have cooperated with agencies in this way for years. But today, the question of developing young agents must be reexamined in the light of changed conditions.

A progressive agency company with its eye on the future realizes that it must have well trained agents in places where population shifts have brought about a concentration of business—in suburban centers, for example. Exclusive agency company representatives are invariably located in such areas.

The traditional company has the option of waiting for established agencies to move out to the suburbs—not likely to become a common practice—or of assuring representation there by other methods. Thus, offices have been established in these localities, and young men have been recruited under contract to the sponsoring company. They are given extensive sales training, and they compete on the spot with companies which have already seriously challenged the traditional insurers.

A company which adopts this competitive approach is using one method of keeping pace with one phase of marketing trends. Obviously such a company has concluded that it cannot subsidize a young man in an independent agency where none exists.

But the question goes deeper and involves considerations other than growing suburban markets. Some companies might not be willing to subsidize young men within any going agency any place, because they doubt that such recruits would receive adequate preparatory sales training, and, more important, strict sales supervision when they begin to call on prospects. If a company foots part of the bill for developing a young man, it will expect to have some say in the training methods used. Of course, the recruit could be trained in the company school and sent back to the agent, but such training is only the theoretical approach to selling. The education that really matters is gained in daily solicitation. A company might want to be sure that there is sales planning and daily supervision of the sales effort.

Some established agents, no doubt, are capable of developing a young man. However, the trend in the business today is to relieve agents of detail to allow them to sell. The companies which have freed agents from such tasks as billing and collecting may think it inconsistent to encourage agents to take on the job of sales training—a time consuming and lengthy process for which the company would have to pay in part. In individual cases, a company might go along with this idea—depending on the past experience of the recruit, the age of the agency principals, and other factors.

In general, however, a company may decide that since it has the resources to engage the best talent to train young men in the theory of selling, and has experienced personnel to schedule and supervise their daily activities when they go to work, it would be less efficient to scatter the sales training effort among existing agencies.

Thus it is apparent that the question of bringing new blood into the production forces is not limited to the much discussed problem of agency perpetuation. As noted, companies have resorted to forthright action in assuring themselves of sales representation in areas where no agencies or not enough agencies have been available. The vital question of agency perpetuation is another matter. Some agents, through indifference, and others, through financial inability, have done nothing about the continuity of their enterprises.

This is a separate problem for companies. They have a big stake in carrying forward the name and reputation of an agency which has represented them in a community for many years. This problem has often been solved when the agency hired the company's field man. Once in the agency, he was likely to favor his commercial alma mater in the matter of choice volume. However, there is not an infinite supply of field men, and some of them are not attracted by the agency business.

There remains the possibility that companies might take on a number of young men, with the avowed purpose of training them for placement in a number of predetermined agencies. These recruits might be trained in the company school and then for a considerable period by veteran field men in the localities for which they are destined. The cooperation of agents and a businesslike agreement would be necessary if this pattern were adopted. Moreover, the agent should have a voice in the selection of the talent, since homegrown products have an immense advantage in the agency business.

Whatever the solutions to this pressing and complex problem of replenishing the production forces may be, one thing is certain: It won't be solved by the type of speeches on this subject which have been given at conventions for at least 20 years. Stripped of all the theory surrounding the subject, the question facing companies is how to build a future sales force that will be able to take on all competitors. No job facing insurers is more important. When they tackle it, their methods are likely to be dictated by market pressure, as most of their recent moves in other phases of the business have been.—J. N. C.

Personals

C. F. Codere, chairman of St. Paul F.&M., received an honorary degree from Hamline University of St. Paul at the commencement June 6.

Harry M. Oliver Jr., assistant vice-president Marsh & McLennan, Chicago, has been appointed chairman of Mayor Daley's Commission for Senior Citizens. Mr. Oliver has long been engaged in civic and community projects.

Morgan Mount, marine surveyor of Home and associated with the company 17 years, is retiring. Approximately 50 associates honored him at a dinner in New York City.

Deaths

WILLIAM D. CAMERON, 62, secretary-manager of the district office of Boston and Old Colony at Lansing, Mich., died of a heart condition following a fall in his home. With Boston since 1924, Mr. Cameron was a state agent for many years during the period when the Lansing office constituted the western department. He was advanced to managerial responsibilities as assistant and then as successor to Earl Gibbs, resident manager. He was a past president of Michigan Fire Prevention Assn., and was long active in the Michigan Fire Underwriters Assn. and Michigan Blue Goose.

JOSEPH M. WIESENBAUGH, 46, resident vice-president of Bituminous Casualty at Bala-Cynwyd, Pa., died.

JOSEPH W. ESSICK, 83, Reading, Pa. agent, died there. He was a founder of Essick & Barr agency in 1908. Mr. Essick was vice-president and director of the City Bank & Trust Co. of Reading and a director of Reading Federal Savings & Loan Assn.

PAUL C. SHEPHERD, 63, assistant vice-president and insurance manager of Continental Grain Co., New York, died at Portland, Ore., after a long illness. He had previously been with Smith & Crakes, Eugene, Ore., as a partner, and had been with Northwestern Mutual Life for many years prior to that.

MERRILL M. SIMPSON, 69, retired vice-president and executive supervisor of Glens Falls home office claims and loss department, died at Glens Falls after a brief illness. He joined the company in 1933 as claims supervisor and subsequently became assistant secretary, secretary and vice-president.

CASPAR WALLRICH, Shawano, Wis., agent, died there.

Mrs. IRENE F. PETERSEN, wife of Herman T. Petersen, western department agency superintendent of Aetna Fire, died in an Evanston, Ill., hospital.

WILSON GLOVER, 79, Greenville, S. C., agent, died at a nursing home after several months of ill health.

HALSEY B. LEAVITT, 81, Asheville, N. C., agent, died in a Buncombe County hospital after a long illness. He founded his agency in 1920 and combined with R. R. King to form the King-Leavitt agency last year.

EVERETT U. CROSBY, 89, who retired in 1933 as president of Brown, Crosby & Co., died in the hospital at Nantucket, Mass. He organized the firm in 1906. Mr. Crosby was also an organizer of National Fire Protection Assn. and was its first secretary-treasurer, and later chairman of its executive committee. He was a founder of Insurance Society of New York and later president of that organization as well as of Insurance Brokers Assn. of

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EDITORIAL OFFICE
17 John St., New York 38, N. Y.
Tel. BEekman 3-3958 TWX NY 1-3080
Kenneth O. Force, Executive Editor
John N. Cosgrove, Associate Editor
Eugene G. Downey and Jud Higgins, Assistant Editors

CHICAGO EDITORIAL OFFICE
175 W. Jackson Blvd., Chicago 4, Ill.
Tel. WAbash 2-2704 TWX CG 654
John C. Burridge, Managing Editor
Richard G. Ebel, William Faltysek and R. R. Cuscaden, Assistant Editors
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175 W. Jackson Blvd., Chicago 4, Ill.
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New York. He was an author and editor of the first edition of "Handbook of Fire Protection," subsequently published as "Crosby-Fiske-Forster Handbook," and had written many articles on fire rate making, sprinkler protection, and fire prevention and protection. In 1904 he was named to the national committee on conservation of natural resources. Mr. Crosby was an expert and an extensive writer on the history and architecture of Nantucket. In 1939 he was made an honorary member of American Institute of Architects for his work in originating a plan for preserving and restoring old portions of Nantucket,

T. I. WILSON, 68, Robbins, N. C., agent, died of a heart attack.

DODD BRYAN, 70, retired general manager of the Philadelphia metropolitan office of North America, died at a ranch in Wolf, Wyo. He was with Fidelity & Deposit before joining North America in 1922. He was advanced to manager of the Philadelphia department of Indemnity of North America, in 1924, and was named general manager of the Philadelphia department in 1939. He retired in 1951. Mr. Bryan was past president of Philadelphia Surety Underwriters Assn., and had also been vice-president of Insurance Federation of Philadelphia and a member of the executive committee of Insurance Society of Philadelphia.

JOHN H. JACOBS, 64, owner of Jacobs Insurance Service, Lansing, died following surgery.

KENNETH T. COOKINGHAM, 65, who retired in 1957 as secretary of the fire loss division of Aetna Casualty and Standard Fire, died at Dunedin, Fla. Mr. Cookingham joined the companies in 1925 and supervised the Maine and eastern New York territories until 1941 when he went to the home office as general adjuster in the fire loss division. He subsequently was appointed assistant secretary and head of the division. He was promoted to secretary in 1952.

F. E. STEINMEYER Jr., 54, Tallahassee agent, was found dead in his car. A pistol was found at his side. He joined the Florida banking department in 1929 and was later later associated with the insurance department. He founded an agency with J. D. Williamson in 1947 and purchased the business when Mr. Williamson became state beverage director in 1955. He was president of Tallahassee Assn. of Insurance Agents in 1951.

Personal injury lawsuits were discussed by Arthur B. Geer, Minneapolis attorney, in a talk June 6 to **Insurance Agents of Greater Minneapolis.**

Stocks

By H. W. Cornelius of Bacon, Whipple & Co., 135 S. La Salle St., Chicago, June 7, 1960

	Bid $	Asked $
Aetna Casualty	78	81¼
Aetna Fire	72	74½
American Equitable	38½	41
American, Newark	25⅞	27
American Motorists	13¾	15¼
Boston	33¾	35¼
Continental Casualty	75½	77¾
Crum & Forster	66¾	70¼
Federal	56	58½
Fireman's Fund	53	55¼
General Re.	95½	100
Glens Falls	34¼	36
Great American	41	43¼
Hartford Fire	46	48¾
Hanover	43	45½
Home of N. Y.	56¾	59
Ins. Co. of No. America	124½	127
Jersey Ins.	33½	35
Maryland Casualty	32¾	35¼
Mass. Bonding	39¾	42¼
National Fire	146	155
National Union	36¼	38½
New Amsterdam Cas.	47	49¼
New Hampshire	51	53¼
North River	34½	37
Ohio Casualty	24¾	27½
Phoenix, Conn.	75¾	78½
Prov. Wash.	19¾	21¼
Reins. Corp. of N. Y.	20¾	23¼
Reliance	49¼	52
St. Paul F. & M.	56	58¾
Springfield F. & M.	31	33¼
Standard Accident	46½	48¾
Travelers	81	83¾
U. S. F. & G.	38¾	40½
U. S. Fire	27¾	29½

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North America Raises Black, Syfert, Hunt

North America has elected Edward B. Black and Robert K. Syfert assistant secretaries, and Frederick J. Hunt Sr. associate actuary.

Mr. Black joined the company at Baltimore in 1937. He was transferred to Buffalo in 1946 as special agent, and in 1954 he became assistant manager there. In 1955 he was named manager at Wilmington, Del., and in 1958 he was appointed deputy underwriter at the head office.

Mr. Syfert has been with the company since 1959 as administrative assistant in rating and research. Before that he was for three years chief of the rating section of the Ohio department, and prior to that he was for 10 years assistant fire actuary with Nationwide Mutual.

Mr. Hunt joined the company in 1955 as an administrative assistant in rating and research. In 1957 he was transferred to the actuarial department and later that year was named assistant actuary. Before joining North America he was manager of the reinsurance department of Providence Washington.

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New L. A. Claim Managers' Assn. Picks Featherstone

The newly organized Los Angeles Claim Managers' Council has elected M. A. Featherstone, Liberty Mutual, president. Other charter officers are Stan W. Mackie, Hartford Accident, vice-president, and Howard Hitchcock, Fireman's Fund, secretary-treasurer.

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Standard Accident Names Melling

William B. Melling has been appointed assistant controller of Standard Accident. He began in the home office in 1937 and progressed through the years to manager of the home office accounting department in 1954, the position he held until his new appointment.

Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT
Cartwright, Valleau & Co., Board of Trade Building, Chicago

Life Companies, Inc., the Murchison bracketing of Lamar Life and Atlantic Life, became incorporated last Friday. It had descended to the low point of 15¼ bid. Then strong buying appeared, especially from Texas, and it ran up quickly by about three points.

There were reports that an actuarial firm had been engaged to assess the underlying values of Life & Casualty, and that at the same time an insurance stock specialist had been employed to do the same for LCI (as Life Companies is known to traders).

This suggested the possibility that they were getting on with the plan to put Lamar and Atlantic into the Murchison-controlled Life & Casualty.

LCI had run up to about 23 when the consummation of this program seemed imminent, then faded badly on reports of snags.

LCI had a net worth of 20 at Dec. 31, 1959, evaluating ordinary life at only $15 per thousand. Adjusted earnings were $1.42.

Life & Casualty had net worth of 13 and earnings of $1.26. It has been selling at 17. When L.&C. was in the range of $20, the "street" thought $30 might be realized for LCI in liquidation.

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Mass. Bonding, which advanced to 43½ bid when word of merger discussions with Hanover, got out, dropped back to 40 bid. Hanover, however, continued to be strong and on Monday had reached 44 bid. There was some buying of Mass. Bonding at the lower level by those who had tendered stock at 45 when State Mutual Life's satellite interests were acquiring a big block.

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On Tuesday a number of insurance stocks displayed strength, notably Maryland Casualty, U.S.F.&G., Travelers, Aetna Life and Connecticut General. Continental Casualty dropped back two points after a steady advance of about 12 points over the past several weeks.

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Shepard Broad turned back the shares of Universal Ins. Co. that had been tendered on his offer of $50. He was obligated to take the stock up if 21,000 shares or more were tendered. The tenders ran fewer than that. Monday morning Universal Ins. Co. was 38 bid on the American Stock Exchange.

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J. Victor Herd, chairman of Continental Ins. Co., addressing the New York Society of Security Analysts, gave an encouraging view of 1960 earnings and CIS (the stock exchange symbol) moved up handily to 51. He thinks investment income can reach $3.60, and that barring unforeseen catastrophes, underwriting earnings might be expected. Total earnings of $4 or $5 a share are possible.

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Laird, Bissell & Mead released a comparison and analysis of fire-casualty insurance stocks as of Dec. 31 giving 1959 and 1958 statistics under eight headings. — | | | —**Foster & Marshall of Seattle**, in its June bulletin, comments on life insurance companies and their common stock investments. They note that at the end of 1959 common stocks comprise but 3% of total assets, and predict that such investments will be stimulated when and if variable annuities come into vogue. — | | | — A large offering of **National Old Line Life** Ins. Co. stock was scheduled for this week. On Monday neither the exact date nor price had been announced. — | | | — Axe-Houghton Fund, in the six months to April 30, purchased, as a new investment 20,000 shares of **American Ins. Co.** — | | | — Fundamental Investors, during the three months ended March 31, reduced its holdings of **Conn. General Life** from 18,000 to 13,700 shares. — | | | — **Nationwide Corp.** encountered selling and dropped to 30½ bid—down two or three points from recent level. — | | | — **Crum & Forster**, which constitutes one of the deepest discount situations in the field, developed strength and was 69 bid on Monday. This contrasts to a recent low of 60½. C.&F. had a net worth of $180 at Dec. 31 and investment income of $8.32.

New officers of Oklahoma Assn. of Insurance Agents pictured at the annual meeting in Tulsa: From left, E. M. Burk, Enid, president; Stanley D. Whitehurst, Oklahoma City, president-elect; Jodie Williams, Ardmore, vice-president, and M. O. Breeding, Oklahoma City, secretary-treasurer.

Small Losses Increase In Busier Banks

Better preparation by banks against lone bandits—who account for four out of five holdup attempts—is beginning to bear fruit, according to a report by the insurance and protective committee of American Bankers Assn.

The chairman of the committee, Thomas F. Glavey, vice-president of Chase Manhattan Bank of New York, compared the six months ending Feb. 29, 1960, with the first half of the association's previous fiscal year: There were 128 successful bank holdups with losses totalling $432,967 as against 142 holdups for $734,748 in the earlier period.

Nevertheless, insurers report a rising number of small losses which they attribute to an increased tempo of banking operations which is causing employers to relax vigilance in certain areas where small losses occur. This is having adverse effect on countrywide loss experience under bankers blanket bonds. Insurers are carefully screening banks they insure and when the number of small claims losses appears excessive, they are urging that bonds be written on a deductible basis with deductible features.

How Tellers React To Holdups

The reduction of more than $300,000 in loot obtained in bank robberies may be attributed to tellers handing out minimum amounts of cash consistent with safety, rather than the large amounts often demanded by bandits, the report noted.

Statistics on bank defalcation losses—those involving $10,000 or more—during the calendar year 1959 were weighted heavily by one loss amounting to $3,714,710. This was one of 86 embezzlement losses in the $10,000-or-more category which in the aggregate amounted to $8,826,948. These figures compare with the calendar year 1958 with 90 embezzlement losses amounting to $6,445,187.

The bankers' committee reports that there were seven defalcations, not covered fully by insurance. The $3,714,710 embezzlement was reported to be under-insured to the extent of $1,464,710. The uninsured part of the six other embezzlements amounted to $867,280. Two of the seven underinsured banks were closed. Federal Deposit Insurance Corp. was appointed receiver for one bank with deposits of less than $1 million from which $355,000 had been embezzled over a four-year period. Blanket bond coverage in this case was $65,000. The other bank had deposits of less than $750,000 and a blanket bond of $35,000. In this bank, the embezzlement amounted to $170,000.

The association reported that during the calendar year 1959 there was a total of 1,632 losses of all sizes involving possible violations of the federal reserve act which were reported to the FBI. This is 259 more than the 1,373 cases reported in 1958. Total 1959 losses were $13 million, an increase of $4.5 million for the year. It appears that there were 1,546 shortages of less than $10,000 aggregating to $4,200,000. While a breakdown of these losses is not available, it appears that about 600 or 40% were due to tellers' errors, mysterious disappearances of money or securities, or other incidents where investigation developed no evidence of dishonesty on the part of bank employes. In the remaining cases, 349 were convicted of embezzlement, 50 more than in 1958.

Supplementing the 128 successful and 63 unsuccessful holdups reported by banks during the first half of the association year are 55 reported burglaries of which 26 failed and 29 succeeded. Burglary losses amounted to $36,737, and for the most part were composed of silver or coin currency outside of burglar-resistive safes, and other property damage, including thefts of adding machines, and other portable equipment.

Of the $885,226 taken during the 128 successful holdups, the net loss was reduced more than 50% by recoveries of $452,259 made through the immediate or early arrest of bandits.

Of the total holdup attempts, 162 out of 191 attacks were by lone bandits, the report stated. Attacks were made by teams of two bandits in 22 cases. A study of the cases shows that bank holdups still have a powerful appeal to the man who believes himself in hopeless financial difficulties. The fact that a bank has not been held up in recent years should not give a false sense of security. Every bank should prepare itself and its personnel for the possibility of attack. "A state of preparedness has no equal in matters of protection."

Appeal Gold's Decision To Decrease Rates On Small Loan Credit A&S Coverage

RALEIGH—Commissioner Golds' recent decision to reduce the premium rate on credit A&S coverage sold in connection with small loans has been appealed to Wake superior court by American Bankers Life of Florida and North Carolina Credit A&H Rating Bureau.

The appellants contend that the commissioner's decision, cutting the monthly per unit rate from $1.75 to $1.50, was "arbitrary and capricious and is unsupported by any substantial competent evidence."

They also said there is no evidence to support his contention that the loss ratio is not high enough.

Harvey Named Supervisor

St. Paul F.&M. has appointed William P. Harvey fidelity and surety bond supervisor for Maryland, District of Columbia and Delaware with headquarters in Baltimore. For 11 years Mr. Harvey has been in the bond department in New York.

Callahan Now Independent

John V. Callahan has opened an independent adjusting office at 11 North 7th Street, Quincy, Ill. For the past 14 years he has managed offices in Davenport, Ia., and Quincy, Ill., for Underwriters Adjusting Co. E. J. Long will be an adjuster for the new office.

San Antonio A&H Assn. Hears Business Man Market Underdeveloped

The potential of the business man market for disability insurance has been underdeveloped and 80% of the business men have no disability coverage whatsoever, Walter McKenzie Jr., Southwest Indemnity Life, Corpus Christi, declared at the May meeting of San Antonio Assn. of A&H Underwriters.

Ralph J. McCartney, Occidental of California, was installed as president of the association. Other new officers are Joseph Davenport, Great American Reserve, and Wesley T. Moeller, Prudential, vice-presidents, and Carroll C. Preston, Guarantee Mutual Life, secretary-treasurer.

Mr. McKenzie said there are 4½ million businesses in the U.S., and for every one that is affected by death of the owner, key man or employe, 99 will be affected by disability. The potential buyers of disability insurance, he said, are the partnership or corporation which needs protection against the loss of the key man, a company setting up a pension plan, companies which are buying group insurance, and the individual who may need income replacement.

The problem of the sole proprietor is obvious, he said. It is simply a question of whether the business is to be continued or closed, and the prospect who thinks his wife is going to continue to run the business after his demise is deluding himself.

The disability hazard is doubled in a partnership. Each partner is important to the operation and a double burden is placed on the partner who continues the business. The buy and sell agreement is not the answer to unexpected disability, Mr. McKenzie declared.

He commented on the event of long term disabilty when the partnership firm cannot afford to pay the disabled partner for more than six months. He emphasized that the waiver of premium clause does not meet the conditions when partners are called upon to share their earnings with the disabled member. Only disability coverage can assure an income for the disabled business man.

Newhouse & Hawley Names Lees At HO

William E. Lees has joined Newhouse & Hawley at the home office in Chicago as manager of the special risks A&S department.


William E. Lees

Mr. Lees has been with Continental Casualty for six years as supervisor and sales manager of the special risks division.

Milwaukee A&H Assn. Renamed, Dunn Reelected

Edward L. Dunn, president of Milwaukee A&H Underwriters Assn., was reelected at the annual dinner together with several other officers. They are John W. Vettel, Metropolitan Life, executive vice-president; Leo E. Packard, recording secretary; Robert F. Stafford, treasurer, and Leroy Voss, Catholic Family Life, chairman.

Newly elected officers are R.J. Finnegan, Wisconsin Casualty Assn., vice-president, and Donald Morrissey, America Fore Loyalty group, secretary.

Members voted to rename the organization Health Insurance Underwriters of Milwaukee.

Spering Direct Service V-P

Direct Service Corp., New York and Hartford excess lines and reinsurance agency, has appointed Robert R. Spering vice-president. He has been with the organization since 1956.

Phoenix Of Hartford In Top N. Y. Change

Lester F. Higgins, secretary of Phoenix of Hartford at the New York metropolitan office, has been transferred to the inland marine department at the home office. Frederick Boger, assistant manager at New York, has been named manager to succeed Mr. Higgins.

Mr. Higgins, with the company since 1929, had underwriting and inland marine experience before his transfer to Chicago in 1938. He became inland marine superintendent there in 1950, and manager of that line for Cook County in 1957. In 1959 he was named manager of the New York metropolitan department, and earlier this year was raised to secretary.

Mr. Boger joined the company in 1951 as special agent in New Hampshire after prior experience with American Foreign Insurance Assn. in New York and India. In 1956 he became state agent at New Haven, and in 1959 he was transferred to New York as casualty manager. Later that year he was promoted to assistant manager of the office.

Approve La. Deviations Of Government Employees

Louisiana insurance rating commission has approved until May, 1961, extension of deviations by Government Employees of 20% on CPL, 25% on auto liability, and 30% on auto PHD.

The commission rejected a special policy form of Stuyvesant for motor scooters, and a special rating schedule of the company designed to distinguish between one-seat and two-seat scooters.

Wisconsin Agents Plan Midyear June 21-23

Plans have been drawn up for the midyear meeting of Wisconsin Assn. of Insurance Agents June 21-23 at Superior.

The program consists of Commissioner Manson of Wisconsin; John Bird, Milwaukee; T. L. Mulcahy, manager, and William Hoppenjan, special agent of National Fire; George Frederick, Beaver Dam; Philip Snodgrass, president General Casualty; John Batenburg, Racine, state national director; John C. Litcher, American Appraisal; and Kenneth Kirchen, Milwaukee.

Indiana Compensation Rates Will Go Up 2% July 1

Indiana workmen's compensation rates will increase an average of 2.1% effective July 1. The average increase for manufacturers is 0.5%, for construction 4.4%, and for all other industries, 2.2%. Breaking down these categories into the 662 individual classifications, 280 will show an increase, 247 will be unchanged, and 135 will enjoy a decrease from 1959 rates. Taking all employers as a whole, about $546,000 will be added to the WC premiums of $26 million.

Opens Hamilton, O., Branch

Tigner & Co., Cincinnati general adjuster, has opened a branch at Hamilton, O., with Walter S. Geisler as resident adjuster. The office will handle losses in Hamilton, Middletown and nearby counties of Indiana.

Boca Raton Agency Organized

The Boca agency has been organized at Boca Raton, Fla., by John W. Hill Jr. He was with the Hill agency at Pompano Beach.